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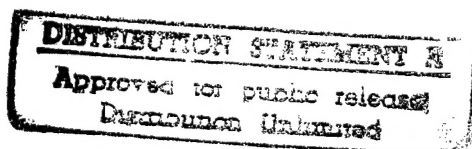


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President Havel Discusses Treaty With Germany

AU0903094392 Prague RESPEKT in Czech No 9,
2-8 Mar 92 pp 7-8

[Interview with President Vaclav Havel by Zbynek Petracek; place and date not given: "There Are Wrongs That Cannot Be Righted"]

[Text] The Czechoslovak-German Treaty on Good Neighborly Relations and Friendly Cooperation was concluded last week. Its spirit and text concern the future. Between the two countries, however, there are sentiments rooted in the past. They are becoming a subject of demagogic argument for political circles on both sides of the border, political circles unable to comprehend the new situation. In the post-November Czechoslovakia, Vaclav Havel broke this barrier shortly after he had been inaugurated as president.

Transfer Was Beginning of Communist Dictatorship

[Petracek] It is often said that your description of the transfer as "a highly immoral act" was misunderstood on the German side. Can you expound on this? Does this apply to the transfer as such—to its "wild" part (until the decision of the Potsdam Conference of 2 March 1945 was made)—or only to specific acts of violence committed during the transfer?

[Havel] I condemn the postwar transfer of the Sudeten Germans in its entirety. I believe that crimes should be punished in court, after the individuals are found guilty and their guilt determined according to the law. Forcing people from their homes because of their nationality is immoral. It is a typical totalitarian practice characteristic of regimes such as Stalin's or Hitler's. Many of our German fellow citizens embraced Hitler's ideology and betrayed their country. Some of them committed acts of violence against Czechs (including driving them out of their homes). This does not, however, mean that we should have behaved in the same manner after the war. We adopted totalitarian practices and then had to pay dearly for them. The transfer was the beginning of the communist dictatorship in Czechoslovakia. It created not only philosophical precedents, but concrete ones: Communist agriculture and interior ministers were consciously and systematically building their constituencies by distributing the property of the Sudeten Germans.

If the decision on the transfer can, to a certain degree, be explained as a mistake arising from the atmosphere of the times, then acts of violence and atrocities that accompanied the transfer cannot be totally excused. The Potsdam Conference noted the transfer as a fait accompli and simply legalized it. The conference, however, did not initiate the transfer. The only one who supported the transfer out of conviction was, of course, Stalin.

[Petracek] There are also those who hold that if the head of state made excuses in front of the Sudeten Germans, and if the treaty contains the term "expulsion," then it

can be construed as a unilateral confession of wrongdoing, that is, the first step toward compensation. Two years ago you said one thing. Under what conditions would you say another, and what would it be?

[Havel] If legal consequences followed each revelation of historic truth, then we would be unable to find out what the historic truth is, since no legal action can redress most wrongs committed in the past. I would only agree with a step that would not cause additional wrongdoing. To return the property of Sudeten Germans by force of law would mean to begin a new series of wrongs and injustices. This is why I cannot agree with that. To return citizenship to those who would like to return would do no harm to anyone, and that is why I could agree with it under certain circumstances.

[Petracek] You oppose the principle of collective guilt. Does it seem just to you that Benes' decrees of 1945 are still in force, decrees which declare people of German or Hungarian origin to be "unreliable from the state's point of view"?

[Havel] I can imagine that some principles on which the decrees were based can be condemned on a moral basis. I am unable to imagine a complete abolition of these decrees, however, since the consequences of such an act would only bring more injustice. It seems reasonable to me that our parliament limited the validity of the restitution laws to the communist period. Maybe, in some cases, we could go further back without committing more injustice, although I consider that unrealistic. Such a step could be generally understood as a precedent for questioning everything, and it would increase the feeling of insecurity. We must come to terms with the fact that there are wrongs that cannot be righted. The greatest property-related injustice was the confiscation of Protestant property after the Battle of White Mountain [in 1620]. No one would suggest that we should compensate for that.

Solution Within the EC Framework

[Petracek] Not even the greatest advocates of appeasement among the Sudeten Germans, who fully respect the postwar reality, would contend that the transfer was justified. Historian Rudolf Hilf suggests the following minimal consensus: The German side will respect the existing legal order without legally recognizing the source of this legal order, as far the years 1945 and 1946 are concerned, and the Czech side will respect the moral right of the transferred Germans to return and settle their property claims, without recognizing their claims legally. Under what conditions are you willing, as a politician, to accept such a consensus?

[Havel] I know about Hilf's articles and they seem very reasonable to me. His thinking is very close to mine. If I speak of moral condemnation, then I speak of something similar to what Hilf is saying.

[Petracek] The Sudeten German Landmannschaft tried to stop auctions of the former Sudeten Germans' property in Czechoslovakia. The Christian Social Union supports similar demands in the Bundestag. Do you believe that it would be possible for the Sudeten Germans to have privileges on our territory (particularly with respect to the right to settle and acquire property) even before the CSFR joins the EC?

[Havel] Legally, this would be too complicated. Yet under certain conditions, it would be possible to renew the Czechoslovak citizenship of those who once were our citizens and who would like to permanently settle in our country. I expressed this during our meetings. Because of the conditions linked to such a possibility, however, the German side did not accept this idea. If this came to pass, the returnees could participate in privatization—to which they would be entitled because of their citizenship—without having the right to property confiscated after the war, of course.

Such speculation—theoretical, anyway—is not topical any longer. The Sudeten Germans have and will have exactly the same opportunities in our country as other foreign nationals. The faster we approach the European Community, the faster their opportunities will grow. When we become an EC member, then the entire problem will cease to exist.

Hungary Had an Advantage

[Petracek] Your first trip abroad after your election was to Germany. Do you think it normal that Chancellor Kohl (with the exception of his meeting with Peter Pithart on the Zelena Ruda border crossing) was the last important European statesman to visit our country after November 1989?

[Havel] Chancellor Kohl wanted to come when the situation was ripe for signing the treaty. From our point of view, the situation was ripe even before that. We were interested, and we had our internal political reasons, in signing the treaty as soon as possible. The chancellor, however, had his own domestic political reasons for not wanting to sign the treaty until now. He explained some of these reasons to me. For instance, in the fall he was mostly preoccupied with the preparation of the Maasticht agreements, for which he deserves substantial credit.

[Petracek] As recently as last fall, the German Government assured that "next time, it will be Prague." Yet, Kohl visited Budapest first. Two weeks later, according to the delegation of the Hungarian parliamentary Foreign Affairs Committee which visited Bonn, Germany is inclined to adopt the position that Hungarian, Polish, and Czechoslovak membership in the EC should not be considered concurrently. Do you have an explanation for this?

[Havel] Negotiations with Hungary were much simpler for many reasons. Hungary has proceeded further in the

establishment of new relations than we have. The Germans also wanted to express their gratitude to Hungary for allowing the 1989 exodus from East Germany. So, I am not terribly surprised that Chancellor Kohl went to Budapest three weeks earlier. It would be good to hear directly from German representatives what the German position is on those three countries joining the EC. The chancellor did not say in Prague (or, as far as I know, anywhere else) anything that could give rise to the assumption that Germany has its own idea about the order in which we should be admitted to the EC.

[Petracek] Czechoslovakia and Germany have not yet settled their claims with respect to war damages, yet it is no secret that the establishment of a foundation that would be used to compensate our citizens for those damages is being considered. Can you tell us anything specific about it?

[Havel] We are discussing the establishment of such a foundation, which should be a private one. I believe that our discussions will be successful.

Problems With Arms Project for Burma Described

*AU0603151992 Prague LIDOVE NOVINY in Czech
5 Mar 92 p 3*

[Article by Ivo Horak: "OMNIPOL Does Business Even With Burma"]

[Text] Under certain circumstances, it is not just tanks that could be a "worthwhile" business item. Arms from the CSFR travel to the hot spots also in the form of technical documentation. An example of this is the almost-concluded lucrative deal that the OMNIPOL company made with the military Government of Burma.

Until 1990, Burma was producing the 7.62-mm G-1 submachine guns with a German license. The worldwide trend in the early 1990's leans, however, toward the 5.56-mm caliber used by the NATO forces in their light weapons (an example is the American M-16 tested in Vietnam). Despite all efforts, Burmese experts did not manage to conform to this trend and had to search for a foreign partner who would develop a project to reduce the caliber. By laws of logic, it should be the German company, whose license was used in the Burmese production. Be it for political, or financial reasons, however, no agreement was reached, and the generals from the Burmese Defense Ministry went on a buying trip around Europe.

After numerous unsuccessful negotiations, they landed in Czechoslovakia, where a company able—and, especially, willing—to close this deal was found, the OMNIPOL. This company entered into a contract on the project of a prototype of a modified G-3 submachine gun with the well-reputed Brno-based PROTOTYPYPA company. The PROTOTYPYPA stockholding company is one of two offspring born of the General Engineering Plants [ZVS] Development Center. This name used to be a cover for the development of light infantry weapons and

equipment for the Interior Ministry. This company developed the Scorpion, for instance, a world-class short submachine gun, and is currently completing the development of LADA system that is comparable with similar weapons made by the best foreign companies. In the middle of last year, the PROTOTYPA finished the OMNIPOL order, and last fall its representatives took several prototypes to Burma for testing. As late as during this visit, it was discovered that the customer's ideas were different. The designers had to rework the entire project, but Burma paid for the work on the original

project. They are tactfully reticent in the enterprise about the total price, but, according to Engineer Jiri Klecka, Weapons and Ammunition Division head, the enterprise was able to begin paying its workers wages again.

In January, the PROTOTYPA completed the second, adjusted project which, however, has been kept hidden in the safe. What sometimes happens to this type of customer, did happen: Burma does not have money to pay.

Agriculture Minister Optimistic About Reform

AU0503141692 Sofia OTECHESTVEN VESTNIK
in Bulgarian 28 Feb 92 pp 1-2

[Interview with Minister of Agriculture Stanislav Dimitrov by Boris Andrekov; place and date not given: "We Expect Advantageous Credits for the Villages"]

[Text] [Andrekov] Do you feel like a minister now?

[Dimitrov] In the true sense of the word, no. For years on end I have been a lawyer and had nothing to do with administration. For the first time, I am experiencing the weight of bureaucracy on my shoulders. It is rather heavy!

[Andrekov] Do the agronomists believe in you?

[Dimitrov] I think so. The ministry's aim is not to show the farmers how to sow or harvest but to guarantee them normal economic working conditions through appropriate normative documents.

[Andrekov] What hinders your work most?

[Dimitrov] The serious economic and financial legacy, inertia and dilletantism, and the unwieldy Land Law that is difficult to apply in its present form and is causing tension at the moment.

[Andrekov] There were reports of a scandal between you and your deputies. How would you respond to your critics?

[Dimitrov] There was no scandal, and all credit to OTECHESTVEN VESTNIK for not giving into "sensational" journalism. I think that our opponents need to assess matters more objectively, give more accurate appraisals, and not hinder our work.

[Andrekov] What type of assistants would you like?

[Dimitrov] Good professionals who do not simply follow orders, instructions, and plans, but who first and foremost show initiative and who can back this up with deeds.

[Andrekov] What are you lacking most of all?

[Dimitrov] Time to establish sound relations with people in the villages and towns. In my first 100 days as minister, I have only traveled once to South Bulgaria and the Dobrudzha. At the moment, there are still a lot of sessions: twice weekly at the Council of Ministers, every Tuesday the collegium, on Fridays I am in parliament, and often there are parliamentary commissions to attend.

[Andrekov] The trade unions booked Ivan Kostov and Ivan Pushkarov with red cards. "Why do you think they did not demand your resignation as well, seeing as agriculture is in such a big crisis?"

[Dimitrov] It probably did not occur to them, or they are waiting for the appropriate moment....

[Andrekov] How, in your opinion, can the chaos in agriculture be replaced by efficiency?

[Dimitrov] This will happen when the final version of the Law on the Possession and Use of Agricultural Land comes into force and when the Council of Ministers adopts the ministry's new structure. We are thinking of applying the Belgian system—management without deputy ministers.

[Andrekov] What about until then?

[Dimitrov] At the request of the Council of Ministers, we prepared a program to accelerate the agrarian reform. We have increased state intervention and influence on agricultural producers, despite the fact that, in the future, a fundamental and determining principle in price policy will be the full and successive liberalization of prices.

[Andrekov] Does this apply to private farmers?

[Dimitrov] Of course. This influence is needed most of all at the beginning of the transition to the market economy, when real market structures and mechanisms do not exist and there are powerful monopolistic formations in the purchasing and processing system that create further difficulties for the agrarian reform.

[Andrekov] Which goods are affected by the agrarian reform?

[Dimitrov] Staple products—grain, milk, pork and poultry—that feed the population and bring in foreign currency. Premiums will continue to be paid from the state budget on purchase prices of goods produced under unfavorable conditions in mountainous and hilly regions.

[Andrekov] What relief do private farmers receive?

[Dimitrov] No tax on their land for five years. There is a proposal for agricultural manufacturers in cooperatives, private farms, and companies with state property in the pork- and poultry-breeding system, to be exempted from payments to the township councils to a maximum of 10 percent.

[Andrekov] One study by the National Statistics Institute shows that barely 15 percent of those polled want their land, and 50 percent want to participate in the agricultural cooperatives. What do you make of this?

[Dimitrov] It is quite logical that small landowners seek not only a cooperative way of cultivating the land but also the protection of the cooperative. However, they want the protection of a genuine cooperative of private owners, not that of the labor cooperative farms.

[Andrekov] Do you see any difference between the platforms of the Union of Democratic Forces and the Bulgarian Socialist Party on agrarian policy?

[Dimitrov] In the main, there are no big differences. The important thing is that it functions as state interests require.

[Andrekov] On which areas does foreign investment need to be focused?

[Dimitrov] Mainly on the food industry and, possibly, on agricultural technology production, particularly the manufacture of small tractors, for which the country has installations.

[Andrekov] Will there be spring sowing?

[Dimitrov] There will be sowing this year just as there is every spring. There are far more difficulties, though, because everything has become 10 times as expensive, and there is very little money. I believe that, in the next few days, the government will allow banks to give credit to farms, cooperatives, and private owners, with an alleviated system of payments and comparatively low interest rates. There is a scheme for establishing a main credit office at the ministry that gives a significantly lower interest rate.

[Andrekov] In your opinion, what is agriculture's best card now?

[Dimitrov] To conclude the land reform as quickly as possible and to totally transfer from a planned to a market economy.

[Andrekov] There are rumors that the National Land Council is going to come under the ministry's control....

[Dimitrov] There are no such plans, but, even if it were to transfer, our aims are identical—namely, to return people's property and guarantee production conditions.

[Andrekov] How does Bulgarian agriculture in the future look through your eyes?

[Dimitrov] Able to compete on the international market. I am an optimist....

DUMA Protests Plan To Seize Property

*AU0503113992 Sofia DUMA in Bulgarian 29 Feb 92
p 1*

[Appeal by "DUMA Collective"]

[Excerpts] Citizens, DUMA Readers,

We report on the first page of our issue today that Finance Minister Ivan Kostov has already prepared an order on seizing the property of the DUMA Publishing House. According to the order, the publishing house will become a state enterprise, and the profit will go to the state budget. This violates not only ethics but also the law because, according to the Law on Political Parties, the Bulgarian Socialist Party [BSP] has the right to engage in publishing. An incredible paradox emerges. DUMA, the BSP daily, will be published by a state publishing house. The same applies to other publications

such as SOCIALIST FORUM, PARDON, DELOVI SVYAT, and ROCKBULLEVAR. We do not have to tell you what the goal of this dishonest blow is. The government and the most rightist forces within the Union of Democratic Forces-Movement [SDS-Movement], which backs the government, want to leave the greatest political force in the country without a voice, or at least to decrease the power of this voice through the terror of an unjust law. [passage omitted]

We declare in all seriousness that, since it started publication, DUMA has not received a single lev from the BSP. Our profit in 1990 and 1991 is exclusively the result of our own efforts. This is your money and help, Esteemed Citizens. What we have received from the BSP is the inherited equipment and working resources of the former RABOTNICHESKO DELO, which also functioned on the principle of self-sufficiency. By this we mean the rooms, offices, typewriters, and the employee vacation cottages, in which the money of the Editorial Board was also invested. Let Mr. Kostov list anything else we have received. Because he knows that there is nothing else, he is trying to take what we have produced by our own work in the past two years. The goal is clear: We must be crushed. However, let all those who dream about our defeat know that it will not happen.

It will not happen because the DUMA Publishing House is a powerful company created in accordance with all laws of the country. It will not happen because DUMA is not a small paper but a giant, read and supported by the largest reader group in Bulgaria. It will not happen because the other publications of the publishing house are also living and cherished children of the democracy. It will not happen because no one can ban or paralyze a publishing enterprise that develops and multiplies according to all of the rules of market economy. If, nevertheless, Kostov and his friends succeed in silencing DUMA, they will only demonstrate that there is no freedom of speech in Bulgaria and that the democracy they invoke is an empty word.

Believe us, because we also believe in you! Be with us in these difficult moments. Be sure that, in the name of justice, DUMA and its publishing house will prevail.

Army Experiencing Difficulty Recruiting Officers

*AU0503183192 Sofia DUMA in Bulgarian 28 Feb 92
p 2*

[Report by Vasil Popov: "Fewer Candidates for Officer Stripes"]

[Text] Recruiting candidates willing to spend their lives in uniforms becomes ever more difficult, especially where the Vasil Levski Higher Officer School is concerned. "There is greater interest in Navy and Air Force careers, which also guarantee a civilian career later on," Mr. Danail Vulchev, head of the Ministry of Defense's "Cadre Policy" department, said on 27 February.

Mr. Vulchev thinks that the number of officers and the strength of the entire Army must be approved every year by the parliament.

There are at present 22,000 officers in the Bulgarian Army. Some 62 are generals, 11,500 are senior officers, and 10,500 are junior officers. In the future, the abnormal situation that still exists, in which junior officers are commanders of more senior officers, must be eliminated, the new head of the "Cadre Policy" department said. He did not include in this category the case of the general who became the deputy to a civilian woman.

"The Military Medical Academy and the Georgi Sava Rakovski Military Academy should not have the status of higher educational establishments because they do not bestow higher education but rather admit people who already have such an education," Mr. Vulchev said.

Trade, Cooperation With Arab Countries

92BA0441A Sofia BULGARSKI BIZNES in Bulgarian
6 Jan 92 p 3

[Article by Lyudmila Dudova and Margarita Shivergeva: "Roundtable on Bulgarian-Arab Relations: Coordinating Traditions With New Structures, Priorities, and Partners"]

[Text] On 18 December of last year, only a few days before the visit of Minister of Foreign Affairs Stoyan Ganev to Egypt and some other Arab countries, the Institute for World Economy and International Economic Relations (ISSMIO) of BAN [Bulgarian Academy of Sciences] met at a roundtable to discuss the problems and outlook of Bulgarian-Arab relations, especially trade and economic ties. Experts from ISSMIO, the Foreign Relations and Policy Institute, the World Economics and Market Problems Institute, the Ministry of Foreign Affairs, and the former Ministry of Foreign Economic Relations, and representatives of Bulgarian and Arab companies and doctoral candidates from Arab countries participated in the discussion.

In the beginning, an assessment was made of the socioeconomic development of Arab oil-producing states in the Middle East. It was noted that a worsening of the *terms of trade* [in English] was observed on the whole during the 1980's, related to the persistent and significant decrease of demand and lower prices of oil on the world market. It can be said that some oil-producing states became examples of the "development without growth" concept. The stumbling block, however, was not the decrease of income but, rather, the "human factor."

Case of the Wealthy Arab States

The case of the Arab states is the most vivid proof that capital is a necessary but not a sufficient requirement for lasting socioeconomic development. The presence of the "human factor" is not any less important, which means a skilled, dynamic labor force, capable of handling modern technology. Unlike the newly industrialized

countries of Southeast Asia, where economic transformations went along with social ones, the scientific-technical progress and the growth in manufacturing and export in the Arab world took place without the necessary social and infrastructural changes. An attempt was made to buy and "bestow" a development from abroad while expecting an automatic effect of growth. This, in most cases, was an impossible task.

This is why, it can be said, the economic development of the Arab countries in the medium term will continue to be determined more by external than by internal factors. It will depend on such political parameters as, for example, the course of peace negotiations in the Middle East conflict, or regulating the situation with Iraq. Of the foreign economic factors, the situation with the oil market has dominating importance and, in turn, is determined by the rate of economic growth of the developed countries, the image of nuclear power, the power of the environmental protection movements—factors that are all foreign to the Arab countries.

It was noted at the roundtable that we are now witnessing a new OPEC that is much more flexible and strongly dominated by Saudi Arabia (which at this time accounts for over one-third of the organization's production). Under the new conditions, OPEC will seek stabilization and profit increase on the basis of increased production rather than on price increases. The direction of change can be evaluated, for example, by the fact that oil-producing Arab countries are seeking more and more foreign capital for the development of their national resources. The new strategy of increasing production, however, could misfire because of changes in the developed countries' environmental policy. As was noted during the discussion, the introduction of so-called green taxes on the use of energy sources, and especially oil, could have a significant negative reflection on OPEC's profits. This is why the problem of the world's energy production, and the Arab oil-producing countries as well, is not so much possible energy resource depletion, as was the case in the 1970's, but, rather, the unclear picture of the developed countries' energy policy.

The decrease in income from the sale of oil could not fail to bring about a decrease in consumption and, consequently, a decrease in imports of consumer goods and equipment in a given group of countries.

Bulgarian-Arab Trade and Economic Relations

This also had an effect on Bulgarian-Arab relations. At the end of the 1980's, they returned to the level at the beginning of the decade. In 1990, our trade with the Arab world equaled about 1 billion leva, which was 5.2 percent of the total trade volume. During the following couple of years, trade fell even more as a result of a number of factors related to more than just Arab-Bulgarian relations. What is of much greater interest, however, is not an analysis of the reasons for the decrease but, rather, an analysis of the conditions that

activated traditional cooperation. The important question, for example, is whether Bulgaria can depend on an increased oil supply from the Arab countries as compensation for the disrupted relations with the Soviet Union republics. Sixty-three percent of the world's oil reserves are concentrated in the Middle East. But to be able to buy from this oil we must either sell our goods, which must be competitive in the Arab world, or provide services for payment. It is necessary to develop a flexible strategy that combines the already existing traditions in relations with countries such as Libya or Syria with priority development of the relations with such countries as Egypt, Saudi Arabia, Kuwait, and others. Until now, too much concentration on two or three countries has been characteristic of Bulgarian-Arab relations. During the 1980's, Libya and Iraq received about 80 percent of Bulgaria's trade with the Arab world. Now we must proceed bravely and look for new opportunities for trade cooperation, while preserving whatever can be preserved of the relations with traditional partners.

Bulgarian Engineering Work Abroad

Stimulating engineering work abroad will give good opportunities in this respect. The Arab world receives our specialists exceptionally well, and remuneration there is much better than in tropical Africa, for example. Our specialists' engineering work can become a channel for "feedback" so that capital for some areas of common interest would flow from the Arab world to Bulgaria. Flexible forms of trilateral cooperation can be sought for this reason; for example, our specialists, Egyptian manufacturing facilities, and Saudi capital could be used, or Bulgarian and Egyptian joint ventures could operate in our country, with Saudi capital. Payment in some cases could be made through barter (exports for oil).

It was noted at the roundtable that the opportunities for cooperation through Arab integration communities should be used more actively. Such, for example, are: the Union of Arab Countries in Maghreb, the Council for Cooperation of the Persian Gulf, and the Council for Arab Cooperation. A trilateral dialogue with the participation of some EC institutions can be successfully undertaken with the countries from Maghreb.

It was noted during the discussion that North Africa deserves to receive greater attention from us. The industrial policy of these Arab countries is directed toward comprehensive development of various fields. Metallurgy, chemistry, and machine building are developed on the basis of the mining industry. The goal is to increase profitability and employment through the "upper floors" of the economy. Industry was already formed as a leading field in Maghreb's material production during the middle of the 1980's. Its relative share in the GDP in 1990 reached about 40 percent in Algeria, 31 percent in Tunisia, 21 percent in Morocco, and almost 20 percent in Libya.

The processing industries in Algeria and Tunisia are developing most dynamically. During the second half of

the last decade, however, some negative tendencies in Maghreb's economy were also noted as a result of internal—and external—factors. As a whole, the rate of GDP growth, investments, and foreign trade fell. A restructuring of the economy was begun to neutralize these negative factors. Two basic models are being applied. The first is along the Keynesian theory, according to which the state has an important role in regulating the national economy. The second gives priority to neoliberalism. The question of to what extent it is possible for a pure market economy, where the role of the state is limited to regulating money and taxation, to function under the present conditions in the Third World was asked at the roundtable. Experience shows that the neoconservative nature of reforms can be successful only under the conditions of a developed economic environment, complete with high technological, cultural, and legal development. Similar recipes are doomed to failure when there are no market mechanisms in place, and while the shortage of goods and services distorts the entire picture of the economy.

Regardless of whether the Keynesian model or neoliberalism is preferred, the stability of the private sector is given special importance in all development strategies in North Africa. Some think it is the most adaptable economic sector and can absorb painlessly shock pulses from the outside by transforming them into stimuli for development. Hence, it was noted that Bulgarian private business, as well as the transformed state enterprises, can seek their partners in the Arab world more persistently. The possibility for us to participate in the second phase of Kuwait's reconstruction was specifically reviewed. At the roundtable, it was also mentioned that Bulgarian partners must handle the signing of agreements more carefully so as to avoid errors (as for example, in Libya), because of which Bulgarian organizations were faced with difficulties in claiming payments due them.

A number of experts dwelled on the influence exerted by political processes in the Arab world on Bulgarian-Arab economic cooperation. They pointed out that a political framework is necessary to secure our trade and economic interests. The pragmatic approach requires ample use of all forms of cooperation. In view of the crisis of the Bulgarian economy and our extremely limited foreign exchange and financial possibilities, barter deals could play a special role. The opinion was expressed that, in the coming three to five years, the achievement of stable peace can be expected in the Middle East, and something like an Israeli-Palestinian-Jordanian economic area or common market could emerge. The new formation would have great absorption capacity, created by the wealthy oil-producing neighbors. This would be a possibility for our exporters, especially because the Arab market is less demanding than the American or the West European.

The shared opinion of the roundtable participants was that the exchange of knowledge, assessments, and forecasts on the Arab topic is extremely useful and timely.

The results of similar discussions must be used when establishing our foreign economic policy for that region.

Details of State Budget Published

92BA0561A Sofia DELOVI SVYAT in Bulgarian
14 Feb 92 p 2

[Article by Mariana Khristova: "Expectations and Realities of Ministers, the IMF, and Ordinary Bulgarians"]

[Text] As was the case last year, the state budget this year will be based on the following:

—A further reduction of subsidies.

—Spending only to maintain the minimum living standard.

—The latest cuts in current expenditures.

Minister Kostov will tell us how the 1991 Budget was executed. However, should a person be astounded by the fact that the "expected execution" (based on the report of the minister of finance) and the "preliminary evaluation" (of the IMF) are not identical? The situation as described to the IMF was somewhat embellished, ignoring the fact that last year's budget was drafted by its own personnel. Regardless of their professionalism, the development of the economy cannot be controlled if erroneous data are submitted. This is the only explanation for the fact that, after 16 February 1991, a second budget estimate was made in June to show, for the third time, "preliminary results." By the time we have reached the stage of an accepted report, the data will suddenly worsen by 150 percent, as compared to the initial data of last February. However, that is how it goes.

The 1992 Budget has been drafted only on the basis of the proposals submitted by the ministries, but coordination with the IMF was much more difficult, as compared to last year's experience. How could it be otherwise? Today every minister is trying "to take" more because, otherwise, "he will have his head chopped off." In these confused times, there is no longer any goodwill, protection, or assistance on the part of the Council of Ministers. It is rather a situation of everyone against everyone else.

The lowering of the tax burden promised by Mr. Ventseslav Dimitrov will be manifested in a reduction in the share of revenue from taxes on profit—from 38 percent to 32.4 percent. During the year, the already drafted law on value-added tax will be passed; work is nearing completion on the law on a tax on excise fees and a tax on profits. However, the new tax system will become effective on 1 January 1993. Currently, the Ministry of Finance and the Budget Commission will be arguing about whether the untaxable minimum will be 700 leva (Ministry of Finance) or 750 (V. Dimitrov).

During these few months, we shall live with the idea that we were promised 68-percent annual inflation, and we shall not think about the gloomy forecasts of 150 percent

(IMF) and 250 percent ("unconscientious" World Bank officials). Because of their pessimism, they will receive the budget after it has been passed by the National Assembly, and only for information.

The Council of Ministers itself will adopt the budget before the scheduled 100 days. It is a matter of good reputation to report a controllable budgetary deficit (cash) of about 9 billion leva, with an increase, as compared to last year, of only...1 percent. It does not matter that interest last year (paid to foreign countries) totaled 16.3 billion leva. Of this, 15.5 billion was not paid. The estimated interest for 1992 is 30.5 billion, which will not allow us to pay ourselves more.... (Nor has the rate of exchange of leva to the dollar been computed.)

But let us not be nervous. The prospects for economic activities are related to the expansion of foreign markets, and, in no case, are they related to the domestic market. This would result in an additional budgetary deficit and would disturb the macroeconomic balance of our state. That is what Mr. Kostov is saying, and he is ready to tighten our belts. In an entire year, our finance minister was unable to fulfill the obligations based on a law passed by the National Assembly calling for drafting a new system to make the state budget. That is why we shall be "multiplying," year after year, the defects of the old socialist system.

The 1992 Budget of the Government of the Republic of Bulgaria

Article 1. (1) The budget of the Government of the Republic of Bulgaria for 1992 is adopted, as follows:

1. Revenue—66,952.0 million leva.
2. Expenditures—76,120.7 million leva.
3. Deficit—9,168.7 million leva.

(2) The deficit will be financed by the Bulgarian National Bank for a total amount of 9,500 million leva.

Article 2. Revenue from taxes in the budget of the government will be 63,190.2 million leva; nontax revenue will be 3,761.8 million leva.

Article 3. Current expenditures for the government budget will total 64,963.9 million leva, expenditures for the acquisition of durable assets 1,486.1 million leva, and subsidies to township budgets 9,670.7 million leva.

Article 4. (1) Adopts the 1992 Republic Budget, including relations with the budgets of the townships and social security, as follows:

1. Revenues—44,259.8 million leva.
2. Expenditures—53,428.5 million leva.
3. Deficit—9,168.7 million leva.

(2) Budget expenditures for:

1. National Assembly—92.2 million leva.

2. Presidency—8.5 million leva.

3. Council of Ministers—88.0 million leva.

(3) Budget expenditures for the judiciary and the prosecutor's office, as follows:

1. Higher Judiciary Council—0.4 million leva.

2. Ministry of Justice—376.6 million leva.

3. Prosecutor General—54.4 million leva.

4. Supreme Court—6.4 million leva.

5. Supreme State Arbitration Board—3.8 million leva.

Article 6. (1) On the basis of Article 53, Item 2 of the Law on Local Self-Government and Local Administration, the distribution of the revenue from the general income tax will be 70 percent for the township budgets and 30 percent for the Republic budget.

National Bank To Issue New Bank Notes

AU0603124392 Sofia BTA in English 1218 GMT
6 Mar 92

[Text] New banknote denominations for 20, 50, and 200 leva have gone to the printer's, and there are plans to issue 500 and 1,000-leva banknotes, too, but they are not yet designed, the National Bank announced. The new issue will feature portraits of Bulgarian historical personalities and authors, characters of literature and art. The banknotes in circulation feature the portraits of Communist leaders and factory smokestacks, epitomizing the "Socialist upsurge." Bulgaria's new coat of arms, free of Communist symbols, will also feature on the new banknotes. The old banknotes will remain legal tender until the end of 1995 and will be replaced by new ones when used up. Politics is politics but the printing of banknotes is not cheap, financiers point out.

The National Bank has also decided to withdraw from circulation banknotes for 1, 2, 5, and 10 leva and replace them with coins of the same denomination. Coins of 1, 2, and 5 stotinki will be gradually withdrawn from circulation by the end of 1995.

Prospects for First Stock Exchange Viewed

92BA0475A Sofia BULGARSKI BIZNES in Bulgarian
13 Jan 92 p 4

[Article by Ivanina Mancheva: "First Bulgarian Stock Exchange Is Taking Shape"]

[Text] The exchange will be a catalyst in the development of a market for capital, according to Viktor Papazov, its director.

If we wait for everything to become settled and only then create an exchange, we would merely be losing time and lowering our chances for success, according to Viktor Papazov. Appetite comes with eating. The exchange

itself is a catalyst and gives an impetus to the process of developing a market for capital. The director of the First Bulgarian Stock Exchange is inclined to believe that there are grounds for some skepticism because the conditions for trading in securities, which is the essence of the exchange's activities, do not exist at present. Instead, there are incentives for investing in short-term securities, first, because short-term financial instruments, such as bills of exchange, certificates of deposit, treasury bonds, and others are, as a rule, a more substantive source of income as compared to bank deposits, and second, because this ensures liquidity and, consequently, faster capital turnover. "It is thus that we shall test the machine in order to be ready for the forthcoming privatization, which will create prerequisites for the development of a secondary securities market," Mr. Papazov said.

The lack of legal regulation governing exchanges is no obstacle to their existence but may hide surprises. The main concern of the founders of the First Bulgarian Stock Exchange is the possibility that the government or parliament may make major changes to the rules of the game. That is why they will try to have the rules governing the functioning of the stock exchange, on which work is being currently done, approved by the Ministry of Finance and the Bulgarian National Bank.

The fact that neither trade in securities nor the requirement to make information on the condition of companies public knowledge have been juridically settled make self-regulation even more important. From the very start, the Administrative Council will register the securities that will be traded on the exchange, based on their financial reliability. Subsequently, a special commission set up by the exchange will be in charge of this operation. The ordinary requirements applicable to publicly owned companies will be applied to companies that will be quoted on the exchange: a stable financial position, a specified minimal capitalization, a certain percentage of shares that will be initially quoted on the exchange, and so on. Furthermore, they will have to provide adequate and steady information on any change in their status and publish their current profit and loss sheets. This will be the basic guarantee in protecting the interests of investors.

Those who wish to play the market should submit detailed information on their financial status. The brokers will have to have adequate financial resources in order to be able to pay for their mistakes. It is envisaged that, in the initial period, a fund will be established to compensate for any eventual failures. However, the broker himself will be responsible for his actions and for covering his losses. That is why it is likely that only juridical persons will be accepted as members of the exchange. The price of a seat on the exchange is currently being discussed, but it is certain that banks and other institutions that would like to engage in trading on the exchange will have to set aside several hundred thousand

leva for this right. At least in the beginning the commission will be fixed, so that the interests of the brokers are guaranteed.

It is not excluded that the double function to be played by the brokers will also be regulated. Obviously, however, the risk in playing on the exchange and at their own account could be taken only by stable banks. Clearly, there will be two types of exchange brokers: strictly brokers and dealers. The distinction between them will be based on the financial condition of the institutions that are members of the exchange.

The auctioning system in making deals will be adopted. The procedure will be controlled by the president of the stock exchange and will be the so-called call-over, unlike the practice of open bidding. The possibility of having specialists like those who work on the New York Stock Exchange is being discussed. Such specialists will support the price of the securities. The problem is to find a bank that would be willing and able to perform this role.

Account clearing is an essential detail. Initially, the Credit Bank will probably assume the functions of a clearing bank. Also contemplated is the establishment of a separate clearing bank. The service of recording deals and balancing accounts will be provided for purposes of information by the exchange itself. The actual transfer from one account to another will be the concern of the clearing bank.

This is a specific situation for which reason the approach to it is somewhat irregular. Decisions must be made on the go, according to Mr. Papazov. He believes that the existence of a stock exchange will be felt quite quickly because its appearance will introduce a new element in the capital market. On the one hand, this will increase liquidity, and, on the other, the exchange will offer alternate financing sources for the seekers of capital.

Changes in Labor Contract Discussed

92BA0474A Sofia BULGARSKI BIZNES in Bulgarian
13 Jan 92 pp 1, 4

[Article by Prof. Kruger Milovanov: "Signing the Labor Contract"]

[Text] The general legal procedure for drafting a labor contract is found essentially in sections I and II of Chapter 5 of the current Labor Code (Articles 61-82). They deal with the problems of the individual parties, the format and content of the labor contract, its duration, a labor contract with a trial period, and the way to organize the work of young specialists. Chapter 15 of the Labor Code contains special regulations on signing a labor contract with minors, women, individuals with diminished capacity, and pensioners.

The Labor Code requires substantial changes in the area of signing the labor contract, as it does in its other parts. The overall trend must be the following: reducing the interference of the state in regulating labor relations,

fuller application of the principle of equality among the parties to the labor contract, eliminating unnecessary formalism, and eliminating the vestiges of the theory of the labor collective as being the owner of the socialist property. In this article, we shall consider some of the necessary changes:

1. The initial texts of the Labor Code stipulated that a labor contract can be signed only with the agreement of the primary labor collective working in material production (Article 64), or after the opinion of this collective had been determined, for work not involving material production (Article 65).

With the 6 March 1990 amendment to the Labor Code (DURZHAVEN VESTNIK No. 21, 1990), Article 65 was deleted, while Article 64 was redrafted in the sense that the labor contract with the head of a brigade, a department branch, or an enterprise engaged in material production may be signed after the opinion of the collective management authority of the respective labor collective has been consulted, should this be stipulated in the internal enterprise regulations.

This draft of Article 64, which was already amended by the time of its adoption, was virtually meaningless. It merely concealed, to a certain extent, the failure of the theory of the decisive participation of the labor collective in appointing the leading personnel of the enterprise. Prior to the amendment, the idea was for such people to be elected by the labor collective. Now the labor collective has the right to give its opinion, not on the basis of a law but only if this is stipulated in the internal rules of the enterprise.

Given this situation, the current text of Article 64 of the Labor Code should also be deleted. This will eliminate the vestige of the unfortunate theory of the labor collective as the owner of socialist property.

2. Article 70 of the Labor Code stipulates that the labor contract could be concluded for a trial period, should the enterprise wish to test the suitability of a worker to perform his assigned job, or should the worker wish to determine for himself if the work suits him.

The convenience of such a contract is that both the worker and the enterprise have equal rights and obligations, as is the case in a standard labor contract. If the result of the trial period is negative, the labor contract could be terminated when it expires, as well as ahead of time, without prior notification, if so desired by the party that benefits from having a trial period. The results of such a trial period are not subject to judicial assessment.

Currently, this type of labor contract is becoming increasingly popular. The duration of the contract, according to the Labor Code, must not exceed three months. Under current conditions, in frequent cases this is insufficient. Therefore, it would be useful to extend it to six months, let us say. This would enable the parties to

make better use of this type of labor contract, in accordance with their interests and the specific case.

3. For nearly four decades, we applied in our country the system of the planned assignment of young specialists. This meant that the young specialist had the obligation to go to work for a certain period of time wherever he was assigned by the respective administrative authority.

The 1986 Labor Code put an end to this system. It called for assigning young specialists on a contractual basis. The young specialist and the enterprise, should they so desire, will sign a scholarship contract. After graduation, in accordance with the contract, the young specialist must go to work in that enterprise, while the enterprise must hire him for a given period of time.

In 1986, this legal stipulation was a positive feature, expressing the equality of the parties in signing the scholarship contract and the labor contract that followed it. However, today it, too, must be amended.

A particularly weak point of this legal stipulation is that of the guarantee that the obligations of the young specialist and the enterprise will be met. For a period of several years, the enterprise pays the tuition of the young specialist and expects, after his graduation, that that same specialist will work at the enterprise. Should the young specialist fail to meet his obligation to work in that enterprise, he must refund to it the amount stipulated in the contract. Under inflationary conditions, this responsibility does not encourage the young specialist to meet his obligation. He owes the enterprise a depreciated amount of money.

Conversely, if the young specialist is prepared to work at the enterprise for the stipulated time but the enterprise does not hire him or releases him prematurely on its own initiative, it owes the specialist certain compensation. However, the amount of the compensation is not defined in the Labor Code. According to Article 79, Paragraph 1 of the Labor Code, the compensation should match the amount agreed upon by the parties to the contract.

For a variety of reasons, in practice, individuals who sign scholarship contracts pay no attention to whether the draft contracts offered to them by the enterprises stipulate their responsibilities and what those entail. Under those circumstances, it is possible to sign a contract without any stipulation concerning the responsibility of the enterprise or with a stipulation of an unrealistically low responsibility by the enterprise.

On the basis of the equality between the parties, the legal settlement in the Labor Code should be amended so that the responsibility of either side be stipulated in the law and be based on a single principle: Both parties must be committed to the extent of the damage caused to the other party because of contract violation.

5. The signing of a labor contract with a pensioner is discussed in Article 322 and Article 323 of the Labor Code. These texts are in Chapter 15 of the Labor Code,

"Special Protection of Some Worker Categories," Section IV, "Special Protection of Working Pensioners." In reality, this section lists merely restrictions and provides for no special protection of the pensioners.

Indeed, the section begins with Article 322, Paragraph 1, according to which "pensioners have the right to work on the basis of a labor legal relation, under normal or alleviated labor conditions, based on their desire and ability to work." The stipulations that follow, however, turn this text into no more than a wish.

Thus, A labor contract can be concluded with a pensioner only if there is no candidate for the corresponding job who can meet the stipulated requirements and is not a pensioner.

The labor contract with a pensioner who is age 60 or older for men and age 55 for women must be signed for a stipulated length of time, which may not exceed one year.

The stipulation of Article 69, Paragraph 1 of the Labor Code on converting the term "labor contract" into an open-ended contract, should the worker continue to work without the objection of the enterprise past the expiration deadline, does not apply in the case of labor contracts with working pensioners.

Currently, this "special protection" of working pensioners has been "reinforced" with several other stipulations in the Law on Pensions and with some resolutions adopted by the Council of Ministers. At the top of all this is the obligation of the enterprise to contribute to the "Professional Qualification and Reassignment" Fund 30 percent of the gross labor wage of the worker or employee who has acquired the right to a full pension for time served or for old age (Article 7, Paragraph 4 of Resolution No. 57 of the Council of Ministers of 1989, in its draft as published in DURZHAVEN VESTNIK No. 49, 1991).

Therefore, the state quite strongly interferes in regulating labor relations, to the detriment of the pensioners. Had the pensioners been paid adequate pensions, such an interference in favor of the unemployed might have been admissible, to some extent. However, considering the current size of the pensions, said restrictions imposed on the labor of pensioners cannot be justified. The problems of the unemployed must not be resolved at the expense of the weakest social stratum—that is, the pensioners.

Essentially, nonpensioners have priority over pensioners because they are more able-bodied. It is unnecessary for the state, by imposing limitations on the labor of the pensioners, to give the former even greater advantages. On the labor market, the employer should be free to decide whom he could hire. On the basis of a variety of considerations, his choice may vary.

All of this calls for a radical change in the legal provisions in signing a labor contract with pensioners, both in the Labor Code and in the Law on Pensions and the other legal acts. All restrictions concerning the work of pensioners must be lifted, and younger people should be able to prevail in competing with them because of their qualities, not by force of the law.

Prime Minister Carnogursky on Current Issues

*LD0803182192 Bratislava Rozhlasova Stanica
Slovensko Network in Slovak 1700 GMT 6 Mar 92*

[Interview with Slovak Prime Minister Jan Carnogursky by Lubomir Lintner; place and date not given—live or recorded]

[Excerpts] [Lintner] A conference was held in Warsaw this week under the title "Democracy and Decommunization in Central Europe." Among those who spoke was your brother Ivan Carnogursky, deputy chairman of the Slovak National Council, who said, among other things that present-day Slovakia is facing a very demanding election struggle for decommunization, that it is only now that the real battle for democracy against a masked but well-armed communism is beginning. It seems that these rather radical words arose from a fear that the country will revert to what was here between 1948 and 1989. Is such a reversal possible in your view, Prime Minister?

[Carnogursky] No return is possible under the same slogans that were here before 1989. No return is possible to the dictatorship that existed here before 1989 with the same system of planning and the same system of a leading role of a political party which moreover would have its leading role anchored in the constitution. I fear, however, that a return is possible to a situation in which democracy would not function here and there would not exist sufficient civil rights guarantees, or let us say legal guarantees would exist but no political force would want to take them seriously. This will be the problem of the next elections.

[Lintner] In an interview given to FRANKFURTER ALGEMEINE ZEITUNG, President Havel spoke along the lines of what your brother said in Warsaw. The president voiced his dissatisfaction with how we are overcoming the communist past and warned against general forgiveness. Do you not think that such attitudes could radicalize our society?

[Carnogursky] When we were removing the communist system in November 1989, an overall social unity against the communist system prevailed. Everything was simple and it was not necessary to build particular guarantees against the return of the communist party and the communist system. What we are seeing now is that there exists a threat that a system could possibly be established after the election that would not be sufficiently democratic and which would not guarantee civil rights to a sufficient degree; in such a case, one needs to think about guarantees that would prevent the elimination of democracy. To be truthful, it is not my style to talk in terms such as general forgiveness. Simply, a healthy society must be able to estimate at each particular moment what degree of forgiveness is beneficial and what is not. In a normal legal system this is already codified, for instance in a statute of limitations which forbids criminal proceedings.

[Lintner] I read about the above-mentioned speech by Ivan Carnogursky in the Wednesday edition of SLOV-ENSKY DENNIK under the title "The Future Belongs to Democracy." The same page carries a commentary under the title "Law Must Be Linked to Democracy." The commentary concerned the dismissal of Mr. Gasparovic, federal prosecutor general. The commentator says that democracy which does not have set, firm legal guarantees becomes anarchy. In connection with the replacement of the prosecutor general the commentator concludes in Latin "cui bono"—whom does it benefit, certainly not democracy. After his dismissal Mr. Gasparovic said that forces exist which promote the idea that it is necessary to deal with everything in the past and that it does not matter what way this is done, even if it is unlawful, and only then will we build a legal state. What is your response, Prime Minister?

[Carnogursky] I do not regard the dismissal of Federal Prosecutor General Ivan Gasparovic from his office as a fortunate step, especially so close to the elections. As far as I can comment on Ivan Gasparovic's work in his post, I believe that he carried it out in line with the law, although the Christian Democratic Movement had objections to his report on the observation of civil rights which he had submitted to the Federal Assembly and which contained several sentences on the influence of religion in Slovakia which he assessed rather negatively, that is, the existence of religion. [passage omitted]

I would not be very pleased with any radical appeals to settle accounts with the past. One cannot settle accounts with the past. The past must be overcome, and I believe that the past can only be overcome gradually, step by step, while weighing up any further steps; and this must be done with doubt and humility in one's mind in confrontation with one's own current findings and one's own current ability to act justly.

[Lintner] Prime Minister, you mentioned elections. I am surprised by one fact in citizens' attitudes. Public opinion polls show a tendency toward political groupings in which there are former communists, as if this was an attempt to restore the character of our society that existed before November 1989, although the majority of citizens do not wish to return to it. Judging from reactions gathered on my desk, the activity of the Catholic Church shows distinct fears. This happened in particular after a sermon broadcast on the radio by a priest, Anton Hlinka, in which he mobilized Christians to be present everywhere, in the government, the parliament, television, radio, secret service agencies, the officer corps, philosophy chairs and trade unions. How do you perceive such contrary attitudes among our citizens?

[Carnogursky] I explain this to a great extent by a certain psychological inertia. We have to realize that for the past 40-plus years we lived in a system in which the regime conducted a conscious campaign, among other things, against Christians. It not only conducted a campaign but moreover it excluded them from the posts which Anton

Hlinka mentioned in his sermon. During the past decades a psychology developed to the effect that Christians do not have a place in such institutions. This is not true. We want to establish a normal situation in which Christians and non-Christians will assert themselves in a normal manner in government service, media, culture, and the like. We have not as yet achieved such a situation, and this is why such appeals as Hlinka's are being made. I repeat, the appeal itself is completely in order and the placement of Christians in these institutions is and will be in order, provided others than Christians are naturally also there. They will be there and no one would want to drive them away. [passage omitted]

[Lintner] A commentary published in DIE WELT points out that relations between the Czechs and Slovaks are going to cool down, given their different political, social, and economic conditions. If the Thatcher-style program of Vaclav Klaus emphasizing market economy, without the word "social," is pushed through in Bohemia, then any common base with the Slovaks will disappear. Is it possible to envisage such a development?

[Carnogursky] Already in the past, above all during the last year, we have noticed that conflicts between Slovakia and the Czech Republic have multiplied, for various reasons. If the present relationship, which is not governed by law, is preserved—a relationship that does not correspond to the real character of relations between the Slovak Republic and the Czech Republic—a situation could emerge in which the number of links between Slovakia and the Czech Republic will be gradually reduced. This could be really dangerous for the republic.

That is why I think it would still be a good thing after all to conclude a treaty between the two republics; though to be honest I am beginning to lose faith that this could take place before the election. Nevertheless, let the experiences we have gained during our talks so far be used for further talks following the election.

Coexistence of Slovakia and the Czech Republic in a common state should correspond to the existing economic, cultural, and political potentials of the two republics. It must simply correspond to the reality which exists here; if this is not the case, then neither such a coexistence nor a constitutional solution would be permanent. The earlier we achieve this the better.

Slovak Official Describes 'War' Against Communism

*AU0503164992 Bratislava SLOVENSKY DENNIK
in Slovak 4 Mar 92 pp 1, 3*

["Text" of statement read by Ivan Carnogursky, deputy chairman of the Slovak National Council, at the "Democracy and Decommunization in Central Europe" international conference in Warsaw on 3 March: "The Future Belongs to Democracy"]

[Excerpts] [passage omitted] We know that the stand taken by the church and the believers was the common denominator of resistance to communism in the last years of its existence. We experienced communism as a force against personal human rights and a force against religion. We have demonstrated our disapproval by pilgrimages of hundreds of thousands in both Poland and Slovakia. Thus, one would have expected that just as religion joined us in the struggle against communism, it would help us in the period of decommunization and emerging democracy.

After two years, we can say that this has not happened in Slovakia, and cryptocommunism—organized operation of the former communist mafias—is stronger here than in the Czech Republic, for instance, which is less religiously oriented. [passage omitted]

I cannot say that only Christians have become involved in the anticommunist movement in Slovakia after November 1989. At one time, it was the communists expelled from the party after August 1968 who were the greatest fighters against communism. [passage omitted] In a few months, however, they cleverly reappeared in various neocommunist groups as Social Democrats, Democratic Socialists, Revival Movement, but also as the most radical nationalists in the National Party, and even in the leading movement, Public Against Violence. The communists were again almost everywhere, and then they began to organize the "emergence of democracy."

Their at first defensive stand quickly changed into organized aggression. As soon as they ascertained that democracy is a great thing, because nobody, not even a communist, can be persecuted, they moved into the offensive against the former dissidents, the new leaders of democracy. If we did not have real bolsheviks with their Leninist methods so far, we have them now. I have to admit that they were helped by the lack of decisiveness on the part of the democrats.

A former communist, even an official of the Slovak Komsomol, and the first Slovak prime minister in the government after free elections, Mr. Meciar, started an elimination battle with his own victorious movement very soon after the elections. He launched a frontal attack against the leading democrats of his own party, against the coalition Christian Democrats, and against the parliament. He made a calculation error; the democrats still managed to recall him from government, but immediately thereafter an open alliance was formed between the renamed Communist Party [Party of the Democratic Left], Meciar's separated Movement For a Democratic Slovakia, and the radical Slovak National Party. Even the small Green Party became their ally. Proletarians of all colors, unite! [passage omitted]

They demonstrate their aggressiveness quite openly now by their repeated attempts to recall government coalition members from the parliament presidium or the government, and they are just as open when they block bills in both the Slovak parliament and the Federal Assembly at will.

If we had to wage an illegal struggle against communism in the past, today's war between the democrats and the communists is completely legal. One could say that the real battle for democracy against a masked but well-armed communism is only beginning. [passage omitted]

UDMR's Relationship With Democratic Convention

92BA0470A Bucharest ROMANIAI MAGYAR SZO
in Hungarian 28 Jan 92 pp 1, 3

[Interview with Laszlo Mina, chairman of the Brasov County chapter of the Democratic Union of Hungarians in Romania, by Katalin Beres in Brasov; date not given: "The Convention as a Possible Political Model"]

[Text] We came from Tatrang, intending to go to Apaca. Previously, we also participated in the local electoral meeting at Brasov. Everywhere we went, much was said of the role and aims of the Democratic Union of Hungarians in Romania [RMDSZ; in Romanian, UDMR] at the Democratic Convention: What prompted the RMDSZ to join the convention, and how will it make use of the opportunities given by the political model in protecting Hungarian interests? This is the question we asked of Laszlo Mina, chairman of the Brasso County RMDSZ branch.

[Mina] The structure of our county organization was shaped in accordance with the numerical proportion and situation of Hungarian speakers. In this region they live in peculiar blocks and scattered mixtures among other ethnic groups. In two localities, Hungarians live in blocks, and 70 percent of them voted for the RMDSZ. There are a great many other communities in which Hungarians represent 40-42 percent of the residents. Their proportion is so low because the 1977 regional administrative lines were drawn so as to enable authorities to turn Hungarian majorities into minorities. The opposite extreme is represented by such places as, for example, Rozsnyo with 100, Predeal with 30, and Voila with six Hungarian speakers. The situation of Hungarians in the city of Brasov is also peculiar. Forty thousand Hungarians live here, intermixed with 400,000 Romanians. This is an important factor for our local organization, determining our tactics and strategy. By the way, 80,000 Hungarian speakers live in the county, and we received 34,000 votes during the legislative elections. We maintain files on 30,000 potential RMDSZ followers, and 21,000 people pay regular membership fees.

[Beres] Obviously, this residential structure prompted you to seek collaboration with external political forces.

[Mina] The notion of utilizing a convention and cooperation arose quite early in the existence of our organization. In the winter of 1990, we organized a candle-and-book march for 10 February, in order to stress our demands for our own schools. We felt that, in order to ensure the participants' safety, it was important for us to get in touch with the leadership of all parties and explain our aims. This was how our cooperation started. And if we can say that today there are two Hungarian secondary schools in Brasso County, this can be attributed to the fact that we could show the decisive political forces the significance of these schools. Practice has shown us how important it is to maintain contacts among the parties. We subsequently decided to formalize such contacts.

Thus, in the autumn of 1990, the RMDSZ county organization invited the leaders of all other parties to an afternoon tea party....

[Beres] Did all of them show up?

[Mina] With the exception of the Romanians' National Unity Party, they all honored us with their presence. Representatives came from the [National Salvation] Front, the youth wing of the Liberal Party, the German Democratic Forum, and the Christian Democratic Party, and I recall that it was the latter who brought the first book for the future RMDSZ library: The dramas of Ionesco, published by the Szepirodalmi Kiado [of Budapest], in beautiful bibliophile format....

We invited them in order to get to know them and create personal contacts among each other. As it turned out, our politician colleagues valued the subsequent get-togethers (which were held every three to four weeks). During these meetings, we discuss topics quite freely, but adhere to our principles firmly. The primary value of this opening is that, to the extent possible under the circumstances, we have been able to explain why representing Hungarian interests is a valid concern, and this was accepted by the other parties' leaders. Let me cite one illustration of this: In the summer of 1990, when local administrative organs were appointed, the RMDSZ was the only party consulted by the [National Salvation] Front. In communities inhabited by Hungarians, we agreed at that time to nominate RMDSZ mayors. This happened in Alsorakos, for example, where the same mayor is running in the coming elections on the RMDSZ ticket. It should be noted that during that period 15 percent of the councilmen-nominees operating in the county were from the RMDSZ. In the past year and a half these individuals became acquainted with their communities' problems and the operation of local administration, and they learned what problems should be placed before the electorate, once the time came for free elections. At the time, we collaborated with the functionaries of the [National Salvation] Front in dividing the county; together we went from community to community to determine who would be the best suited official.

[Beres] Does not it cause disagreement that the RMDSZ collaborates with the Front?

[Mina] One can condemn a party because of its ideology; however, in this case we did not operate as a political party but as an organization representing the interest of Hungarians. By the way, it is my personal conviction that, regardless of what party is in power, there are certain areas in both the local and central government where it is imperative for Hungarians to be represented. I am primarily thinking of the Ministries of Education, National Defense, or Culture, but the same thing is also true for local councils, in communities that are inhabited by Hungarians. After all, I can personally testify that no anti-Hungarian word was ever uttered during the Brasov

County council meetings, simply because our presence there has always had a moderating effect.

[Beres] It is said that certain representatives of the Romanians in Brasov County even condemned the Har-Kov report....

[Mina] That was revealed at the regular weekly meeting of the convention, which occurred the same day when an afternoon of reading was held at the National Assembly. By the time our deputy, Mr. Golle, arrived after the reading, our Romanian friends, the presidents of the local Liberal, Peasant Party, Citizenship League, and Social Democratic organizations, presented him with a ready proclamation in which they condemned such interethnic diversion. A day and a half later the local newspaper printed the protest, and a deputy, Mr. Lugojan, read it in the National Assembly. Romanian Television, on the other hand, which promised to broadcast every word as it was uttered, omitted the protest that was read by the deputy....

[Beres] What sort of problems arose in the convention in the course of preparing for local elections?

[Mina] After lengthy debate, members of the convention understood why, following the feverishly anti-Hungarian autumn, Hungarian and Romanian nominees should not be placed on a joint list. We could do this only in localities where we feel that the mood is suitable. Otherwise, due to the strength of the nationalist wave, we could alienate either Hungarian or Romanian voters....

When it comes to the democratization of the convention's work, it was greatly aided by Mr. Corneliu Coposu's short statement published in ROMANIA LIBERA, calling on representatives of the Christian Democratic Peasant Party not to strive too rigidly for positions of power, and make every effort to protect the platform's interests during the election. This gave the local leaders of the other parties something to think about, making them more malleable, and easing our work.

Nevertheless, certain decisions were preceded by lengthy debates, which made us realize that democracy is much more exhausting than the practice of simply issuing commands. For example, here is one of the primary issues: that of the mayoral nominee for the city of Brasov. Each party wanted to see its own candidate nominated.... In the end, we had a great role in forming and ratifying the view according to which the nominee should be a person who is equally distant from each party and who is capable of synchronizing opposite points of view.

However, the process of selection and arbitration was interrupted by practical problems, which also took up a great deal of our energy. There was, for example, 8 January, when we learned that the Front, lead by Petre Roman, wants to open its national election campaign in our county. We thought, if it is an election campaign, let it be a real campaign, let us too participate in it, specifically by taking the edge off the planned Front

assembly. So we passed a resolution, according to which we would start the Democratic Convention's national campaign the same day, almost at the same time as the Front's opening meeting. Since we heard that Petre Roman would address several thousand people in the Sport Hall, we rented the National Theater. We asked the national leaders of parties that make up our convention to honor us by attending the initial event of our campaign. And a great many of them came, too: Corneliu Coposu, Nicolae Manolescu, Radu Campeanu, Sergiu Cunesco, Ticu Dumitrescu, Nicu Stanesco, Simina Mezincescu, and others. The RMDSZ sent its vice president to represent it. Gabor Kolumban's brief speech was very successful. He said that we, Hungarians, are here because we wish to share democracy with Romanians. I must say that we really hoped that Geza Domokos would show up. His presence would have been very important as an attention-getting feat, and would have contributed to the local organization's prestige; frankly, we wished to use this event to gain votes. Moreover, his personal popularity would have benefited from attending....

[Beres] Let us talk about the small details of preparation for the local elections. How does the county RMDSZ participate in this?

[Mina] We participate in the election campaign in a variety of ways, sometimes together with our Romanian friends, sometimes separately. We might explain to our people why a certain seal must be placed in a certain place. Things like this must be explained very precisely and clearly. We are making the second round of the county during this campaign. The first time we did this was during the break in parliamentary sessions, between 21 December and 3 January, when we were on the road every day. We had discussions with local organizations, called their attention to the pitfalls of the law, and emphasized the importance of adhering to nomination deadlines.... We visited every community. To some, we returned two or three times, and tried to explain to the Hungarian residents that they should nominate mayoral candidates in the interest of the platform. Unfortunately, there were places where we could not convince people that this is useful.

[Beres] The period of nominations has closed. What is the situation in Brasov County now?

[Mina] Of the county's 52 communities, six have an RMDSZ mayoral candidate: Apaca, Oltheviz, Homorod, Alsorakos, and Urmos have Hungarian candidates on the RMDSZ list, while Szasztyukos has a German. When it comes to council elections, we have an independent Hungarian list in 17 communities, among them the city of Brasov. We nominated mayoral candidates jointly with the Democratic Convention in 17 communities, and two of these are Hungarian (in Tatrang and Keresztvar). In seven communities we have joint coalition lists, and there is one community where the RMDSZ supports an independent candidate. In Szecselevaros, where a peculiar situation developed, after the withdrawal of the

Social Democrats the convention's parties broke into two factions. Since talks with county leaders did not bring satisfactory results, local organizations of the Peasant and Liberal parties decided to nominate joint candidates under the platform's aegis, while the RMDSZ and the Citizens' League support an independent candidate, the local physician Nicolae Georgescu.

Csurka Denounces Holdover 'Experts'

92CH0337B Budapest FIGYELO in Hungarian
30 Jan 92 p 6

[Article by Istvan Csurka: "The Specialist, or Specialized Fog"—first paragraph is FIGYELO introduction]

[Text] We asked Istvan Csurka to expand on the pages of this newspaper on what he actually meant by an "old, Bolshevik trick" used by specialists of the Kadar era in their own defense. Accordingly, who are the specialists, and how much of the requirements for specialized expertise alone are satisfied in times of a system change? We also raised this question to a political scientist and a head hunter. The response of the latter will be published in our next issue. We would be pleased to receive further comments.

To say that we live in an era of change is commonplace. To say that this change is shrouded by fog is also a frequently used stylistic expression. But the fog is often an artificially generated fog. This statement is by far not so obvious, moreover, it is denied in most instances. It is being denied by those who generate the fog. The related concepts of being a specialist, a specialty, and an expert are also surrounded by such generated fog. And it seems that this fog smells a bit like MSZMP [Hungarian Socialist Party] special material.

At various levels of leadership in society people necessarily change places in the course of the system change. This changing of places cannot take place without struggle. A struggle necessarily involves an offensive party who demands a place for himself, and a defensive guard—those who defend their blood—who want to retain the places they possess. The fog, the specialized fog, is being generated by the defenders.

Several large-scale place changes have taken place in Hungarian history, and these changes did not benefit Hungarian society. Following the defeat of the fight for freedom in 1848 and 1849, a newly established Austrian absolute rule pushed to the side the leadership stratum of the previous era. It did so very coarsely and unsparingly. The stratum pushed to the side consisted of members of the Hungarian intelligentsia, most of whom descended from noble families, acquired leadership capabilities and knowledge during the reform era and in the fight for freedom, and became the stratum that had perhaps the highest calling in Hungarian history. This was the best informed stratum with a modern nationhood concept. These people had been replaced by Bach era [Austrian] bureaucrats and by new, embittered, selfish, and pliable

[Hungarian] people who became tired of passive resistance and who lowered themselves to the level of surrender. The [Austrian] bureaucrats had an alien outlook. This place changing event has its own literature. The fountainhead of the entire Hungarian "dead-end street" development may also be found at one point in this era.

In viewing historical development, the essential aspect of this discourse, one may point out that events in which positions were redistributed usually took place after defeated revolutions, and that such events were of historic significance because they defined the profiles of subsequent eras. They did so for decades to come. If people taking over positions in the course of such a place-changing events are unsuited, spineless, servile and corrupt, their successors and even the manner of their own dismissal will be of a similar character.

I will only make mention of the rest of the place-changing events.

The commune [of 1919] did not last long enough to permit the committee composed of men in leather coats to journey around the country. For this reason, Szamuely did no more than hang people wherever he appeared, and he did so senselessly and without a goal. The distribution of places began after the commune was beaten. The course, the "Christian course," was a reaction to the commune, and it was a natural reaction. The trouble was that the new system did not endeavor to remedy the historical structural mistake, i.e. it did not attempt to eliminate the fundamental flaws of the place-changing event of the [1867] compromise. To the contrary, it conserved those flaws, moreover, it did so together with the characteristic alien features of those flaws. [Writer] Dezso Szabo referred to postcommune specialists, who as Christians were vocal in uttering platitudes in their stand against the Jewish communists of the commune, simply as the men of the "skunk course."

Had this place distribution not been so miserable, the Arrow Cross people would not have risen 20 years later, and a commitment to Germany would not have evolved among [Regent] Horthy's officers. Officials aware of their Hungarian being—a type that materialized in the person of [the poet] Kolcsey, about whom Dezso Szabo wrote, and whom [literary historian] Laszlo Nemeth wanted to train—had been cast out to even greater depths.

A place distribution event also occurred after the defeat of the 1956 revolution. This event surpassed all similar previous events in terms of its coarseness, antinational attitude, villainy and Mafia quality, and in the sense that it uplifted the scum of society. The uninhibited character of leaders created out of men wearing [Soviet] pufajkas [quilted jackets] dwarfed the baseness of the "skunk course." There was only one requirement: To serve the alien power which brought mourning and humiliation upon the rest of the inhabitants of the country.

We find this post-1956, long protracted place distribution event behind millions of specialists today. The stratum that came to power with Soviet help in those days has changed its style several times in the course of passing years. Actually, the ones who entered the era of the system change were the successors to those people. The power they are holding is inherited power. The comrades also acquired for themselves an opportunity to be reared properly. For many, Dad was the only one who wore a pufajka. And the son is deeply offended if reminded of this fact. What does he have to do with that?

Well, he has nothing to do with that. But the unfortunate one, the one who knows at least as much as the son of the man who wore the pufajka, has something to do with the origin of the power and of the position held by that son. Because the advancement of that unfortunate person was been made impossible by the original post-1956 overweight of a mass of pufajkas.

It may seem as if we were not addressing the issue. But it only seems that way. It seems that way only if we view specialization without looking at the history of the world. In other words: The intent behind this thought process is to prove that the issue pertaining to specialists is the most important issue in the system change, and that this issue is not only political, but that it also has acquired a historical dimensions. This is the fundamental issue of the profile and quality of Hungarian society and of the nation's future. This fundamental issue pertains to the leading political class, the intelligentsia, the elite which leads nations at any given point in time, and which defines the feature, character and the modern qualitative criteria of society. In this regard fog is being generated when this truly fundamental issue is raised in the form of a subordinate issue of a side issue, i.e., who should be regarded as a specialist?

The question of who is a specialist and who is an expert can be determined on a case by case basis (and such distinctions are indeed being made in real life). But who should be part of the political elite which leads the country, who should hold leadership positions in public management or perform staff functions in government or in the largest or medium-sized enterprises, what motives and what kind of political commitment such people should have, what should be the family background of these people—a background capable of controlling and morally holding people to account, by whom these persons should be held to account, what kind of basic education they should have and how much sacrifice they would be capable of making for the country—all these questions pertain to the fundamental issue, and the fundamental issue is the system change.

Communists are demonstrating in Moscow while I am putting these words on paper. Tens of thousands of those who were unable to declare themselves as specialists on time marched to Manyez Square and cursed Yeltsin and Gorbachev. The system collapsed faster than they were

able to proclaim themselves to be specialists. They did not have the talent to do so, they did not understand Gorbachev who recommended a reassessment of qualifications and peaceful transition as part of his perestroika. The demonstrators did not want Gorbachev's idea to become a reality because Gorbachev's prescription would have resulted in a partial surrender of power. Now their whole power is gone.

Events took a different course in Hungary. The transition was long and protracted, disintegration, the end of the system was not as apparent and spectacular as in the Soviet Union and the "class" had brains. And even if it had not realized the occasion, this "class" has been flirting with the idea of being "specialists" before.

They did not paint the final slogan on communist party buildings: "Communist, become a specialist"! (When the system change occurs).

But they will implement it if we allow them to do so.

This Hungarian "Manyez class" no longer feels that it is part of the pufajka class, it does not even want to hear about the fact that the origins of power can be traced to the reprisals that followed 1956, to the treason that was agreed upon at that time. They do not want to hear of this, because generations have changed and specialized knowledge has increased, particularly if we compare this knowledge to the knowledge of those who had been excluded.

But no one will argue if we assert that this "Manyez class" of the Kadar era upon which the system change dawned had not been selected on the basis of abilities, but instead, based on some other criteria.

Selection based on ability is the method followed in healthy societies. For this reason criticism expressed by those who are being left out at present, those who aspire to rise and now besiege the castle is just.

This matter has nothing to do with ability! (This should not be understood to mean that capable people do not hold positions at present.)

The question is banal. An expert is a person who has particularly thorough knowledge of a subject which is not known to the same extent by others. A physician is not an expert, a physician is—a physician. On the other hand, a urologist is a specialist or an expert. The principle of division of labor in society assigns us to specialized fields where we must cooperate.

But jobs, positions of power and the great number of staff offices which provide leadership to the country and to society and which mean leadership positions are not matters of specialization or expertise, irrespective of the degree of competence and education required today, e.g., in state administrative positions.

The present problem regarding specialists has been manipulated so as to become part of public consciousness in order to cover up the essence. And the essence of the matter is change. We need to accomplish place changes, we need to renew ourselves. We need to rise from the bottom, we need to set in motion "the elevator which uplifts people."

The "specialists" of today claim that they are the specialists who were there before and during the system change. And who are still there. This is of the essence.

To stay there requires ideology also in these days. In 1957 an ideology was required in order to occupy places. A good sprouting, the institutions of the revolution had to be destroyed, and this required some fighting tools. Those who had to be pushed out were the "counterrevolutionaries." An ideology was also needed to occupy places after 1945. Those who were in before became "fascists," or at least "reactionaries."

Peaceful transition, the team supportive of democracy did not have, and could not have its own ideology to occupy places. This flows from constitutional statehood, from a democratic system of operation. Originally, an emphasis on professionalism and competence had an opposition charge, and in the heroic early days the opposition contrasted the requirement for competence to the nomenklatura, the leading stratum selected on the basis of party considerations. And Kadar's people occasionally justified their actions by claiming that "by now"(!) they were relying on specialists.

The system change has become protracted. Those occupying positions have discovered the opportunity. They recognized the scattered character of the new forces and the insecure international foundations, and quickly searched for an ideology on the basis of which they could stay. As a result of the protracted process a ray of hope appeared: one could indeed stay in place, as long as one paid attention to the requirement for specialization, the idea that had been abandoned by the opposition.

This then became the ideology by which the castle could be defended by those who have stayed: We are the specialists, because we are there. Any change, any dismissal would be antidemocratic and dangerous. The country would turn upside down without specialists.

As a result of this ideology and, of course, because of the undecided coloring of the match, a significant segment of the former elite (party, trade union, house directors, enterprises, institutions, science, etc.) succeeded in staying in place and to even reinforce its position. And thanks to this ideology, appropriate people could not be appointed to replace another significant segment of these people.

This is dangerous for two reasons.

We have already discussed one of these. The roots can be traced to Russian tanks and to the vicinity of Parcel No. 301 [of the cemetery, where the 1956 freedom fighters are buried]. The leading stratum cannot make us forget this, even if its wants to do so. Unfortunately, however, it does not even want to do so. An antinational leadership stratum rooted in treason can only cause this country to perish.

The other reason is just as grave. We have already begun to discuss this, the need for the changing of places itself, the basic human need for making a move. The new system, democracy needs a new, self-assured, strong leadership stratum of its own which has a calling and which is capable of acting vigorously. This cannot be perceived without personnel changes in important places.

We are dealing with hundreds and hundreds of thousands of positions, of course. Thus far the distribution of places has progressed at a moderate speed. It is hoped that the process will be accelerated hereafter.

Criminal Code Change on State Secrets Proposed

*92CH0337E Budapest HETI VILAGGAZDASAG
in Hungarian 25 Jan 92 p 17*

[Unattributed article: "Draconian Changes in the Criminal Code of Laws?"]

[Text] Invoking national and public security interests the government has proposed Draconian changes in criminal provisions pertaining to documents containing state secrets, firearms, explosives, and radiant materials. Parliament has accepted the prime minister's proposal and is expediting the same on an urgent basis. Based on legal provisions now in force, only the unauthorized acquisition of state secrets constitutes a crime (punishable by prison terms ranging from one to five years). As proposed by the government, the presently unauthorized possession of legitimately acquired documents which constituted state secrets earlier would also be punishable in the future. The exemption makes the political intent of the proposal clear: A person in the unauthorized possession of a previously legitimately acquired document concerning or prepared by the professional staff or network personnel of the Ministry of the Interior's former state security organ is not punishable if he delivers such document to the Ministry of the Interior within 60 days from the effective date of the law. In the event that parliament adopts this proposal—the adoption of Criminal Code amendments does not require a two-thirds majority vote—an "offender" unveiled as a result of a properly documented political exposure could risk being sentenced to a five year prison term. The proposal provides for a set of new, qualified cases concerning the possession of explosives, firearms, and ammunition that are subject to more severe punishment than before: for example, a person and a friend accumulating a "sizable amount" of explosives for the purpose

of illegal fishing could be sentenced to five to 10 years in prison. As a matter of comparison it should be noted that deliberate murder is punishable by five to 15 years in prison, while the punishment for inflicting bodily harm resulting in death is two to eight years in prison. Arms smuggling would be newly declared as a crime. In principle, a person accidentally carrying in his pocket a single hunting shot shell while crossing the border could be punished by at least two years in prison. A person illegally bringing in or taking out a weapon or ammunition from the country would be treated the same way as a person who crosses the border with more weapons than what his permit calls for. Persons who have committed crimes as a result of offenses involving explosives, firearms, or radiant materials would not be subject to criminal proceedings under the proposal if they delivered the above mentioned materials to the police within 60 days from the effective date of the amendment.

Trade Union Situation, Controversy Described

92CH0337A Budapest FIGYELO in Hungarian
23 Jan 92 p 4

[Article by Csaba Ory: "Trade Unions: Old, New, Old and New; Where Is the Enemy These Days?"]

[Text] By simplifying the situation a bit, one can observe a dual trend within the trade union movement. One of the ongoing processes is the virtually unstoppable division and disintegration of the movement that was monolithic not too long ago. This is easily seen from last year's State Accounting Office [ASZ] report concerning the distribution of trade union property. The ASZ people are aware of about 2,000 organizations, despite the fact that they were unable to find every existing Hungarian trade union.... This multiplying phenomenon is a result of various processes.

Junction

In most instances the repainting of the label serves as a starting point, when an initiative is made from within the trade union bureaucracy to detach the representation of a trade or part of a trade, and to renew, so they say, the discredited old trade union while attaching the "free," "independent," and "democratic" adjectives to the name of the union. Accordingly, the old "boutique" receives a new shop sign. New trade unions are established daily in this form, and instances in which members are not informed, or are informed only in a casual way of the important change, are not rare either. Many people do not even know today whether they belong to some trade union, and if so, to which trade union. Many people leave these interest groups for good. More than half of the employees are not members of any trade union, according to estimates.

The other process consists of an increasing number of trade unions usually catalyzed not by the old-new officers, but by people prompted to unite because of a feeling of being threatened and of dependence. We are

not far from the truth if we say that essentially these people start anew the organizing of trade unions at the point where trade unions had started out more than a hundred years ago. Some of the small groups formed in plants and workplaces begin to grow and to stabilize themselves; others wither away a short time after their establishment. Lacking staff and an infrastructure, most organizations in this group of independent trade unions and workers councils base their activities on pride and on experience hardened in the course of daily battles.

Belonging somewhere is an existential issue from the standpoint of small organizations; thus it comes as no surprise that the number of League trade unions and workers councils has shown a dynamic increase. The number of trade unions belonging to the League has increased to more than 300 by now, while the number of workers councils has grown to about 200. In the framework of activities pursued by both federations midlevel and high-level interest representation and direct representation have emerged, and so did the training and continuing education of trade union officers. Some other signs of integration also manifest themselves in addition to the increasing number of member trade unions. Federations uniting trades and industry branches, as well as regional federations, are created within both federations. At present, the League has 22 regional federations and 15 federations uniting various trades.

The old, the old-new, and the newly formed interest groups recognize the fact that a deep-seated crisis of confidence plagues today's trade unions. During the Kadar system employees had been searching for various strategic paths for individual survival; today they recognize the bottlenecks in these paths and their primary objective is to overcome their own lack of confidence. A lack of solidarity, fear fueled by the threat of unemployment, and a passive feeling of "by now, it makes no difference to me" are familiar phenomena in every trade union. People do not trust each other, and this might be the main reason for the relative weakness of trade unions. There also exists a crisis of confidence between the trade union membership and the staffs of trade unions.

During the past 40 years employees recognized trade unions as certain aid-dispensing, recreational-administrative, and work competition organizing offices, and witnessed from close up that a significant part of trade union officers known to them belonged to the interest sphere of the local power elite. Former party secretaries, enterprise managers, people from the council, and trade union officers paid visits to each other, they belonged together, and their children married each other. (In other words, they all spoke the same language....) Today, when so many people change their vocabulary, it is not easy to believe that well-known people from the past are able to undergo a fundamental change overnight.

Loss of Confidence

Two types may be distinguished among trade unions reacting to the crisis of confidence.

The first type includes the old and successor organizations that continue to think in terms of a trade union model that provides advantages to the trade union bureaucracy, if for none other but their traditions and past. We may summarily characterize this trend by saying that a relatively large, passive membership supports the active bureaucracy primarily by paying membership dues.

In the framework of this model the peak trade union organizations play an eminent role and the desired terrain for battles protecting interests is at the national level: the reconciliation of interests takes place in the course of negotiating with the government and within the Interest Mediation Council, and needs are expressed for the protection of interests at the level of trades and industry branches, and for preferences to enforce interests—albeit mostly in the form of desires, nevertheless in unquestionably well visible forms. In other words, trade unions of the MSZOSZ [National Federation of Hungarian Trade Unions] type intend to wage their battles at a place where their bureaucracy is strong, where they are able to make use of experience gained in bureaucratic lobbying and bargaining.

Accordingly, by no coincidence, MSZOSZ and its "friends" (the rest of the successor organizations to SZOT [National Council of Trade Unions]) primarily target the government in their debates and assumptions, while their legislative initiatives focus on obligations to negotiate with trade unions and trade union entitlements to reach agreements at the level of trades and industry branches. A number of strong trade unions throughout the world operate successfully on the basis of this philosophy. We could then say that this model has a future, if you will.

At the same time, however, the successful enforcement of interests by these types of trade unions is subject to certain conditions. The membership must be convinced that this is how things should be, and that in conjunction with this, trade union leaders must be certain about the membership abiding by the agreements the leaders have reached. This is not the situation as of today. One of the gravest damages caused by the Kadar system was the fact that people have lost their confidence in political and social organizations. (By now it seems that they have lost their confidence in both the old and the new organizations.) This phenomenon is accompanied by a situation in which virtually no trade union leader in Hungary can be certain that compromises reached by such leaders will be accepted by their respective constituencies.

The other necessary condition is the relative stability of social and economic structures. This condition is not fulfilled today because everything is in a state of transformation. (Employer organizations are being formed at present, and the influence these organizations are able to

exert on their member organizations is even more uncertain than the ability of trade unions to influence employees.)

In summary: A lack of employee confidence in each other and in employee organizations, and the continuous reorganization and transformation of economic, political and regulatory structures has a negative effect on the potential success of traditional trade union and interest representation mentality.

Activist trade unions, so called, constitute the other type of organizations. The League trade unions and the workers councils belong here. Within this type of organization workers unite and act jointly in given, specific conflict situation (privatization, layoffs, transformation, reorganization). They establish their interest groups and negotiate directly with the employer or the owner. They expect primarily their trade union federations to provide expertise, legal and economic assistance, and the influencing of rules (mostly legal provisions). Accordingly, by no coincidence, the main battlefield for independent trade unions and workers councils is a specific workplace.

Legal disputes are frequent, they frequently dismiss their activists and officers. Independent trade unions and workers councils demand direct and recognizable solidarity, cooperation and commitment from their members. Advocates of this trade union philosophy—and I am one of them—believe that in today's world with so many uncertainties this is the only way to regain the lost confidence. This is the most important condition for establishing a strong, and in the future a united, trade union movement.

Stationary War

Accordingly, the war between trade unions revolves not simply around the sharing of property, even though quite obviously both forms of trade union activity require significant financial foundations. We have now reached the point where we may understand the property disputes between the federations. The old trade unions defend the trade union model they represent. Their bureaucracies are existing bureaucracies. Some rather tangible existential interests of real flesh and blood people are linked to the style of trade union interest enforcement they had acquired in the past. Whenever white table and interest consideration techniques fail to work in today's milieu, these officials are overcome by helplessness, and this might explain the fact that they frequently engage in demagogic talk and want to use the harsher means of interest enforcement more often than the new organizations. They "delegate" their dissatisfaction to superior levels and stimulate trade and industry branch bureaucracies to take tougher action.

The new organizations on the other hand frequently become involved in specific conflicts at workplaces. They enjoy their members' support at the workplaces. At the same time they lack higher level expertise and legal support. The old bureaucracy is not willing to share

because it is concerned about its continued ability to finance its own style of trade union management. New trade unions, on the other hand, demand that resources be shared, or that at least they receive their own share of trade union property in order to satisfy their members' expectations. An ability to show tangible results is an existential issue from the standpoint of both types of organizations unless they are prepared to witness an even greater degree of aversion on part of their respective members.

It would not be worthwhile to detail the pros and cons raised in conjunction with the dispute over property. On the other hand, one should recognize the fact that two trade unions models which could not only coexist, but could complement each other—as they do in many countries—fight their life and death struggle. The available latitude for the independents is small, because they are expected to produce specific results at the workplace, successful intervention in the course of privatizing their workplaces, and the development of independent trade unions depends on the fulfillment of these expectations. At the same time, without certain investments the bureaucratic style of protecting interests cannot produce results either.

A stalemate has evolved. Old trade unions are unable to prevent their own disintegration, nevertheless they are able to successfully impede the growth of their competitors. The new trade unions are not able attract masses of employees, nevertheless they tenaciously reinforce their positions day after day. The problem is that this form of competition which threatens the entire trade union movement may be prolonged even for years, while an "18th century" raw capitalism that ignores the idea of cooperating with partners in society is in the making. It appears that this stalemate could only be resolved as a result of a choice made between the trade unions. Contrary to the view held by many, I believe that Law No. 28 of 1991 does not aim for disintegrating trade unions, but for the opposite. It establishes an opportunity for trade unions to extricate themselves from the mistaken path on which they embarked partly as a result of their own inexperience, and partly because of the objective circumstances presented by the system change.

Complexity, Problems of Privatization Discussed

*92CH0341D Budapest FIGYELO in Hungarian
23 Jan 92 p 19*

[Article by Dr. Gyorgy Varga: "Privatization: Foreign Occupation?"]

[Text] Privatization is like sex. Generally speaking, everyone is willing to talk about it, but no one divulges his own bedroom secrets. Persons involved in privatization also like to discuss privatization in general, but we learn only half-truths once the discussion turns to specific cases. Those involved—the AVU [State Property Agency], the consulting firm, the management, and the buyer—voice (or endeavor to voice) their own particular

interests in this game, while they are not short in words making references to their partners' efforts to enforce their own interests.

This situation has occurred to me at a conference organized by the Hungarian Academy of Science, Committee on the Industrial Economy last week. It was entitled "The privatization process in industry." The fact that only a few managers expressed interest in the conference was regrettable, and so was the fact that the AVU has been remarkably bashful with its notable absence. It could be that they, too, had sex in mind; privatization need not be discussed, it must be performed.

In addition to Minister Without Portfolio Dr. Ferenc Madl, Professor V.V. Ramanadham, the coordinator of the U.N. Development Program, International Privatization Network made a presentation at the two-day conference. One of his important findings was that privatization alone does not result in an efficient, working market economy. To achieve such a market the entire institutional system of a modern marketplace must be developed with respect to every resource and production factor. The record of privatization indicates that on an international scale, competition and the opportunity to substitute resources play a particularly important roles in this regard.

We were able to learn at the conference accurate figures based on the net value of assets and profits—these were published in the daily newspapers—concerning the diminished ratio of state property expected by the end of 1994. Unfortunately, we were unable to learn how the person who calculated these figures arrived at this rather promising forecast, specifically the kinds of prices, amortization rates, inflation rates, etc., he used for his calculations. But the question of whether it makes sense to establish such "plan tasks" at all is more important than finding out about methodology. Who knows what the future brings. Who knows how domestic savings will develop, what kind of attitudes foreign investors will have, how the global economy will evolve, and what kinds of privatization policies will be pursued by neighboring countries, the capital absorption effects of which would also influence investments in Hungary. I would not deny that the pace of privatization was not a side issue, but the method of privatization is the more important, i.e., whether the consequences of privatization enhance Hungary's development to (or at least close to) the developmental level of countries with developed market economies. Accordingly, from the standpoint of privatization the enforcement of qualitative factors is more important than the question of whether by the end of 1994 we will fulfill requirements conveyed by quantitative indexes whose method of "formulation" is known only to God.

Several persons brought up the issue that the so-called strategic positions of the Hungarian economy or industry were being occupied by foreign capital and that this could create a dangerous situation. For this reason,

(too,) a determination should be made as to the permissible ratio of foreign capital as part of the total amount of capital.

Frankly, I would be hard put to tell which positions in the Hungarian economy were "strategic positions," except for the banking sector. I would not be able to respond to such a question because whatever has been proven to be a strategic position in the past might no longer be a strategic position; and then, it is very difficult to determine in a rapidly changing world what should, and what should not be regarded as "strategy." I am afraid that placing emphasis on factors like this conserves the old structure. And we also have the foreign examples! In what fields has Japanese capital been concentrated in the United States, for example? In biotechnology, the computer industry and in the automobile industry. Who could deny the economic "strategic" significance of these industry branches? Frankly, I would welcome professional foreign investments in those branches of Hungarian industry which we, or they, think are strategic or lead branches. But how is it possible for us to object to the "occupation" of "strategic" positions at a time when we endeavor to integrate with the global economy and to become part of the international flow of capital? Under today's conditions, at a time when the ratio of capital is still negligible, when foreign investors are still only testing this market and when the pace of privatization has been determined by the rate of influx of foreign capital, establishing maximum ratios for foreign operating capital in the country would clearly exert a repulsive effect.

I am not sufficiently naive not to be aware that privatization, just as any business decision, has its risks. Nevertheless the buying and selling of enterprises indicates that most of these risks are long term risks. For this reason, more important than appraising property (which by all means is influenced by short term interests and by the relative strength, readiness, etc. of those who take part in the buying and selling process) is the forecasting of long term market and development prospects after privatization, and of the effects of privatization on society and on the environment. As an enterprise manager stated at the conference, this becomes possible only if we find out about the buyer's intentions, if we become convinced that the capital investments fits into the buyer's strategic plan. In general, it would be desirable to find professional investors who conduct themselves as strategic partners (as compared to the so-called portfolio investors), but the objectives of such partners must also be clarified. It is possible that such investors are attracted only by our markets; one cannot rule out the possibility that they intend to exclude products manufactured in Hungary from the markets; it is also possible that an investor wishes to acquire only the intellectual property and intellectual products or rights of an enterprise; but in extreme cases one must not rule out the possibility that the foreigner is only looking for a place where he can deposit his waste.

I am afraid that too much significance is being attributed primarily to the technical aspects of Hungarian privatization processes; everyone is refining the technique and is preparing an appropriate paper trail, while neither sufficient time nor energy remains to clarify business policy goals.

The list of enterprises to remain under state ownership in the long term has not been finalized. A number of lists are being circulated. I do not object to state ownership, at the same time, however, the argument supportive of the method of selection is unacceptable. It is at least debatable, the way that argument was stated at the conference. According to this argument, certain enterprises which present a "hopeless" situation in terms of breaking their monopoly would remain under state ownership, and so would other enterprises which service many other firms. This approach may be argued only because it does not stimulate the breaking down of monopolistic situations, and according to the record thus far, state monopolies could enjoy a favorable situation thriving (and abusing) their monopolistic situations, while also taking advantage of their political connections. Insofar as the other argument is concerned, the threat is that as a result of the state ownership of such "supplier firms" the state would also be able to exert its influence in the private sphere and could restrict the autonomy of the private sphere by using "market" forces.

The conference has served proof that, at least when such great volume is at stake, privatization represents an extremely complicated economic and political task, that there is no truly ideal solution, and that in the process of privatization we may recreate modern private property in Hungary only by constantly weighing the advantages and disadvantages, as well as the economic and political risks, and only by soberly exercising our ability to correct ourselves.

Sasad Co-op Spontaneous Privatization Reversed

*92CH0341A Budapest HETI VILAGGAZDASAG
in Hungarian 25 Jan 92 p 18*

[Unattributed article: "Sasad Reverse Transformation"]

[Text] Sasad, an agricultural producer cooperative that transformed itself on 1 March 1991 into a stock corporation, has once again become an agricultural producer cooperative based on a Constitutional Court decision announced last Monday [20 Jan] that voided the firm's registration at the Court of Registry. The Supreme Prosecutor's Office challenged the legality of Sasad's transformation based on a number of procedural flaws that occurred at the cooperative's general meeting that decided over the transformation, and continuously in the organizing meeting of the stock corporation that followed the general meeting. From among these actions the Supreme Court has found some to be well founded and others to lack foundations (HVG 18 Jan 92). One of the aspects the Constitutional Court agreed to review

from among those accepted was the chief prosecutor's claim that it was not possible to determine whether the 750 of the 3,024 cooperative members who did not appear at the general meeting wanted to become members of the stock corporation (the fact that subsequently they accepted their shares did not count, according to the Constitutional Court). Another flaw in the process was the fact that the transformation plan and details concerning the distribution of assets had been handed out in writing only at the general meeting and therefore those who did not appear at the general meeting did not receive such information in writing. At the stock corporation's general meeting the corporation's own stock which remained under common ownership also voted. This is illegal (irrespective of the fact that such vote did not alter the final outcome of the voting). In its argument the Court also found that "reversing" the contracts consummated and the stock sold during the past, more than ten month period should cause no particular concern because "the prosecutor's challenge was filed within a month from the date when the decision to register the firm was delivered, and nothing could have happened in the course of a month that could not be corrected." Sasad Inc's capital stock amounts to more than 5 billion forints. The stock has been traded during the past several months; both foreigners and Hungarians bought and sold the stock, and Sasad attracted western partners to join a dozen or so ventures the corporation started or began to prepare. In the wake of the Court's decision to reverse the cooperative's transformation into a stock corporation the future of these ventures is uncertain.

Import Quota Protects Future Domestic Cars

92CH0341B Budapest HETI VILAGGAZDASAG
in Hungarian 25 Jan 92 p 16

[Unattributed article: "Protected Automobiles"]

[Text] Opel and Suzuki cars yet to be manufactured in Hungary received effective protection: The Ministry of International Economic Relations [NGKM] has established a maximum limit of 60,000 foreign cars to be imported in Hungary during the first half of 1992. Import permits within this limit will be issued in the order of the applications received. The measure does not affect privately imported cars; it only restricts the activities of commercial enterprises and manufacturers' authorized distributors. Arguments presented in support of the measure indicate that the restriction is necessary in order to protect the evolving automobile manufacturing industry in Hungary. In response to a HETI VILAGGAZDASAG inquiry NGKM Licensing Division Chief Denes Szathmary said that although the action may be perceived as a restriction, it could also be viewed as a guarantee: The NGKM has committed itself to issue import permits for 60,000 cars. In the division chief's view the excitement is bigger than what would be justified and there certainly will be no problems with importing automobiles during the first half of the year. It is in Hungary's interest to attract as much as possible operating capital particularly to fields where Hungarian

industry could act as a subcontractor, Szathmary said, stressing that this was his personal opinion. "This is why actions must be taken on the basis of which large foreign investors are able to recognize that the Hungarian government is helping them to enter the market." There was no shortage of benefits thus far either; as reported earlier, the General Motors-Raba joint enterprise whose Szentgotthard plant is going to produce the Opel cars has received a 10-year full tax exemption as a result of a separate council of ministers decree (No. 62 of 1990), and Suzuki's plant in Esztergom is also going to start operations with a 10-year tax benefit.

At the same time, the Hungarian Automobile Importers' Association regarded the establishment of an import quota as a protectionist measure, HVG was told by Tamas Bognar (Porsche Hungaria). The very existence of this measure has already artificially paralyzed the market for weeks, and the measure is sensitive from the standpoint of importers because in response to last year's liberalization measures practically every significant firm that operates on a global scale has established authorized distributorships in Hungary and "these firms have now become dependent on a bureaucratic staff." Although Porsche Hungaria envisions no practical problem insofar as the first half of the year is concerned—because the first two quarters are regarded as the slow period in the automobile market—the firm also objects to this official measure in principle because in its view the NGKM action provides a unilateral benefit and makes an unjustified distinction between producer and infrastructural investments.

Last year import permits had been applied for 300,000 cars, but based on NGKM data fewer than 200,000 cars had been imported to Hungary on this basis.

Controversial Moves Against Unlicensed Vendors

92CH0323B Budapest HETI VILAGGAZDASAG
in Hungarian 25 Jan 92 p 32

[Unattributed article: "Vendors Are Made To Pay"]

[Text] "The first peaceful and orderly day in Budapest's underpasses," this is how the TV News commented last Monday on the operation that was undertaken with the goal of cleansing Budapest's busiest underpasses of the multinational legion of unlicensed vendors who have been hawking their wares from satchels and boxes. Officials at the Budapest Police Headquarters and at Budapest's Mayoral Office insist that this operation, involving about a hundred policemen and communal-area inspectors, is not a short-lived undertaking, referring by this to the several stillborn attempts of the recent years to create order in public areas. What is more, they are promising to expand the scope of the operation; after the first five underpasses, they will clean up other busy public areas as well.

"Communal areas cannot be turned into business objects, and they are not created for releasing social tensions," said Gyozo Kokany, senior associate at the

Budapest Mayoral Office, thus responding to those objections that attribute social and even cultural significance to the street sale of consumer items and books. According to him, there is no need to license occasional and mobile vendors, other than sellers of newspaper and periodicals, to occupy certain spaces for commercial purpose; as for selling food from open counters and tables in the city's polluted air is not only contrary to order in the communal areas, but is also unhygienic. To be sure, admits Gyoza Kokany, there are many locations where selling in communal areas has almost become an integral part of satisfying the residents' basic needs, because in the past whole apartment blocks were built in such a way that the project managers, having run out of money, largely or entirely "forgot" to provide stores or shopping centers for the residents. "However, licensing of pavilions suitable for such purposes can only be done on the bases of the architectural, traffic, and aesthetic requirements that were determined in the 1984 city council decrees, which are still in effect today," said the responsible official from the Mayoral Office, according to whom "the present chaos is attributable in part to the fact that there is no consistent practice in Budapest, and the regional authorities that issue permits are not consistent in enforcing the regulations."

Thus, the district authorities are not likely to be allowed to implement their specific local considerations in the near future. If they do, they may end up as the authorities in Zuglo did: When they tried to promulgate their own regulations concerning commercial activities in communal spaces, Budapest's Republican Commissioner attacked their attempt before the Constitutional Court, on the grounds that their local regulations were not in accord with the capital city's regulations that were in force.

Naturally, there are more refined versions of regulating at the district level, even though (as we learned from the answers district authorities gave us) local authorities take great care to obey the 1984 decree. On the other hand, using the power they were granted last year, now they themselves are allowed to set the rates for each location and each activity. What this means is that instances of express prohibition are rare; in general, local authorities proscribe only the street sale of alcoholic beverages and the performance of shows. The rest is left to the market. According to all indications, this is the most effective method.

Following the 1991 moratorium on tariffs, practically all control was removed from rates: Compared to the previous average fee of 25 forints per square meter per month, nowadays the monthly fee hovers around 100-500 forints, even at the not-so-fashionable locations. And in certain districts, such as the Inner City or District One (which also includes the Castle District), one has to pay several thousand forints per month to use an area one square meter in size. As we have learned, even this way there is sufficient demand, so that there are times when the competition for "absolutely certain" vending sites is settled through lottery or bidding. It is no wonder

then that a site measuring no more than one square meter in the Castle District (which had the initial bidding fee of 6,000 forints) was won by a postcard vendor who bid 36,000 forints. We have also heard that in the Inner City, where local authorities last year took in tens of millions of forints from the rental of community space, there are vending tables that are worth 150,000 forints a month.

In the end, of course, it is the customer, and not the vendor, who pays for this, up to a point. "In other countries they have already learned that this type of competition raises the prices so much that in the end, the winning bidder's business fails," said Gyoza Kokany, criticizing such lack of restraint on the districts' part. This is especially true if we consider that certain low-profit (though important) items can be squeezed off the market by fashionable junk items that offer greater earnings. Furthermore, rental fees that increased a hundredfold within one year are the least likely to prompt unlicensed vendors to legitimize their activities.

It appears that their only available avenue of activity is offered by the spontaneously developing flea markets. Such regulated "CEMA markets" presently exist on the Kondorosi Road of District Eleven, near the Rakospalota overpass, in the Tchaikovsky Park of Kobanya, and quite close to Budapest, in the village of Gyal. In the Ujjpalota and Csepel districts, the authorities are now looking around for a site to establish similar commercial activities. Many people feel that daily rental fees of 90-150 forints at these privately operated flea markets are much more affordable; at least that is what we can surmise from learning that at the Kondorosi Road market (which operates as the heir of the (in)famous Etele Square market) they could already hang out the "No Vacancy" sign, even though many permanent leasers only use their sites occasionally.

"We almost regret that we issued a permit for the opening of the market," said Peter Torok, head of the technical department at District Eleven's Mayoral Office, according to whom the office receives a continuous flood of complaints and protests. Moreover, we have heard that residential complaints could even prevent the establishment of such entrepreneur-based weekly or daily markets that would be supported by the Budapest Mayoral Office. "If we always listened to everyone's opinion, nothing ever would be built," states the City Hall official in charge of these matters, responding to the districts' alarm. To be sure, synchronizing the views coming from the Budapest offices with those of the districts is now allegedly under way. As a first step, the matter of vending sites in the presently off-limits underpasses may soon be regulated. "As for regulating vending on the streets, that may take years," claims Gyoza Kokany. In the meanwhile, we fear that attention will not be focused on regulations based on synchronized demands, but on the gray-uniformed "guardians of the peace" who maintain order in the underpasses and communal areas.

Radio Broadcasting Law Issues Reviewed

92EP0210A Warsaw GLOB 24 in Polish 14 Jan 92 p 2

[Article by Grazyna Zurawska: "New Order in the Airwaves"]

[Text] The law on radio broadcasting, prepared by the previous parliament, did not get the approval of the president. Former Deputy Minister of Communications Marek Rusin believed that the law was defective, e.g., that the National Council on Radio and Television that was being formed, was answerable only to God and history. The law did not clearly define the conditions which a television or radio program must fulfill, it said nothing on the subject of monopoly, nor did it say from what funds public television is to maintain itself.

The parliament had not yet had time to take a position on the previous law on radio and television broadcasting when a new draft was submitted, prepared by a 15-person group of deputies from the NSZZ Solidarity club. The deputies authorized Marek Markiewicz to represent them in their work. In justification, the deputies say that the 1960 law on a Committee for Television and Radio Broadcasting Affairs, which is still in effect, maintains an archaic structure of radio and television public broadcasting, making it impossible for commercial stations to be established. That is why passage of a new law is extremely urgent, because it will bring in, in the opinion of the deputy-drafters, a new set of standards regulating order in the airwaves.

The draft submitted is a version of the draft—by deputies Bielecki and Merkel—prepared by the Commission on Culture and Media of the 10th Sejm Session. The deputies remind us that the Sejm on 13 September 1991 passed the law without taking into consideration the corrections made by the Senate. The new draft defines the principles for granting licenses to independent broadcasters, and also a model for transforming public radio and television broadcasting.

According to the new draft, the law appoints a National Radio and Television Broadcasting Council which is the state organ for radio and television broadcasting matters. It functions on the basis of a statute granted by the president of the Republic of Poland. The council is made up of nine people appointed—in equal numbers—by the Sejm, the Senate, and the president. The term of office is for six years, and every two years the term of office for three members of the council expires. Council members must suspend their membership in political parties during their term of office. The council, in consultation with the minister of communications, represents the policy of the state in radio and television broadcasting. Public television programs are supposed to honestly show the multiplicity of events occurring in Poland and abroad. The council will also define the conditions under which broadcasters will conduct their operations and the conditions under which licenses will be granted to disseminate and distribute programs. Licenses may be granted to legal and natural persons living in Poland.

Foreign companies may obtain licenses only when their share in the capital does not exceed 33 percent.

The new draft envisages that the broadcaster will create the program autonomously and the imposition of an obligation or a ban on the broadcasting of a specific program or transmission, may take place only on the basis of the law. The National Council will define the minimum amount of programs to be created by domestic producers. It is assumed here that the purpose is to protect Polish radio and television against foreign influences.

The model proposed in the law will describe the method for transforming state television and radio. According to the draft, public television and radio broadcasting units are to function in the form of stock companies, on the basis of the commercial code. Polish Television I is a state treasury company. Presumably, the present II program will be transformed into a state treasury company called Polish Television II, except that it will be formed by regional television companies. The state treasury company called Polish Radio S.A. is a public radio broadcasting company. Companies may derive their income from subscription fees, from sales of rights to programs, from advertising, and from sponsors. The legislator envisages that every sponsor should be made public and that any advertising will be clearly separate, so as to avoid any doubt that the text presented does not come from the broadcaster. All political parties and organizations taking part in elections to the Sejm, Senate, and local self-governments, will be ensured the ability to broadcast programs on public radio and television. Receipts from subscriptions, the size of which will be determined by the National Council, will go entirely to public radio and television. The penalty for using an unregistered set will be equivalent to the cost of a three-year subscription, plus the payment of a minimum six-month subscription.

Roundtable on German Minority Issue Presented

92EP0202A Poznan WPROST in Polish No 3,
19 Jan 92 pp 27-29

[Report of roundtable discussion in Poznan in December 1991 with Prof. Gerard Bartodziej, Dietmar Brehmer, Prof. Przemyslaw Hauser, Hartmut Koschyk, and Dr. Andrzej Sakson, by Piotr Gabryel and Marek Zieleniewski: "An Appetite for Raisins"]

[Text] In mid-December 1991, the Western Institute in Poznan and the weekly WPROST organized a conference entitled "The German Minority in Poland: Its Place and Role in the Implementation of Good Neighborly Relations Between Poland and the Germans (opportunities and dangers)." The discussion which immediately preceded the conference included the following participants: Prof. Gerard Bartodziej, senator for the German minority from Slask Opolski, Dietmar Brehmer, chairman of the Upper Silesian Charitable Society for the German Workers' Community "Reconciliation and

the Future," Prof. Przemyslaw Hauser from the UAM [Adam Mickiewicz University] History Institute, Hartmut Koschyk, deputized by the CDU/CSU [Christian Democratic Union/Christian Social Union] to the Bundestag, chairman of the Parliamentary Group of Exiles and Refugees, and Dr. Andrzej Sakson from the Western Institute in Poznan. Piotr Gabryel and Marek Zieleniewski represented the editorial staff.

[WPROST] The ethnic concept of community and the principle of blood ties are obligatory in Germany. The assimilation of foreigners in Germany is based de facto upon their Germanization. Recently this was admitted by Eckart Schifter, adviser to the FRG minister of internal affairs. In this context, what sort of picture does Poland's path to Europe through Germany present?

[Bartodziej] The idea of Germanization is somewhat provocative. In the FRG, the members of individual ethnic groups are encouraged to preserve their own cultural heritage. Immigrants have the possibility of being educated in their native language and of participating in religious life in this language. For a very long time, Poland did not guarantee such conditions to its national minorities.

[Brehmer] Two tendencies are developing in Europe. One of these is a return to the 19th century model of the national state. We observe this, for example, in France. The second tendency is the Europeanization of states or regions. In my opinion, the most attractive concept is that of regionalization according to the German model. Richard von Weizsacker maintains that Germany's task is to impact on the European states to bring them together, but by excluding German supremacy.

[Koschyk] I am convinced that we can no longer turn away from the route of European integration. It is unrealistic to dictate stiff deadlines; moreover, whether certain processes conclude in 1992 or in 1996 is of no significance. The need for integration for geopolitical reasons is better understood in Germany than in Great Britain, but all Europeans must understand that unity is being effected in their common interest. The readiness for integration must be evident in all states. The success of Portugal indicates that this can be achieved in a relatively short time.

[Sakson] We already know in Poland that only by joining a unified Europe do we have a chance to make up for our backwardness. In the opinion of some political scientists, the EEC may be divided into three zones of affluence. The wealthiest are: Germany, Holland, and southern Italy. These are followed by Belgium, France, and northern Italy. The poorest are: Spain, Portugal, Greece, and Ireland. Poland, Hungary, and Czechoslovakia undoubtedly are found in the fourth group. Spain, Portugal, and Greece likewise were ruled by dictators, but they have not had to build a market economy and a middle class from the ground up.

The well-known fact that Poland's path to European unification leads through Germany is also becoming

more and more universal. Some people propose that Poland seek support from the United States, but we cannot forget that the Germans are our biggest ally on our continent.

[Hauser] The obstacle to perceiving Germany as Poland's bridge to Europe is a continuation of the very "traditional" view of this country by a part of Polish society. This view has its sources in many years of historical events. It fails to perceive the changes which have determined the far-reaching democratization of Germany.

However, the most important issue is the restructuring of the economic system in Poland and the reply to the question: Will we be capable of generating from within ourselves enough strength to become the equal partner of the West in our path to Europe? After all, government decisions are not everything. Private investors, whose activity is limited by a lack of financial guarantees, determine direct economic contacts.

[Sakson] Let us return to the issues of ethnic minorities on both sides of the border. Recently it was proposed that the former residents of Silesia, Warmia and Mazur and their descendants living in Germany settle on the lands of the forbears. According to the principle of mutuality, the recognition of this right will lead to the demand for the legalization of the residence in the FRG of 100,000 Poles taking advantage of the "tolerated residence" status. The final solution of this issue will undoubtedly take place as soon as the process of European integration is completed.

[Bartodziej] It must be clarified for our society that the freedom of persons to move and seek employment is the foundation of European integration. This has nothing to do with the "sale" of one's native land. Rather, we should preserve it through rational land management. Let me mention only the million hectares lying fallow along the "eastern wall" or ecological degradation.

[Brehmer] But I would like to point out that the center of gravity for the process of integrating Poland with Europe and for Polish-German relations is shifting to Silesia. The German government will try to keep the German minority in Silesia; to this end it will support them materially. Meanwhile, the Polish government should give the German minority more attention, seeing it as an element to aid in the process of Poland's integration into Europe. Perhaps government representatives should be enjoined to develop a concept of policy toward Silesia. We have in our midst parliamentarians who could take up this idea. The role of Silesia in practice is still up to question.

[WPROST] David Irving, the well-known English historian with rightist sympathies, stated: "Poland must restrict itself to restoring the health of its own state territory and withdraw from other areas. Its territorial gains should be returned to Germany, so that a granary full of grain may be made from their European disgrace." Let us ignore the aggressive tone of this statement.

However, does the general interest of Germany in Poland not reduce itself to the desire for bringing into cultivation the lands received by the PRL [Polish People's Republic] government after Yalta? From the Polish side, what terms must be met so that all resentments may be put aside and there may be talk of effecting common interests?

[Koschyk] In the first place, I do not consider Mr. Irving to be an eminent historian. I believe that revising the borders will not resolve any sort of problem in Europe. The future lies in the cooperation of borderly regions which should develop this cooperation deep within the countries. Perhaps we are placing too much emphasis on the Silesian question. After all, the Polish-German border extends through Frankfurt up to Szczecin. Local initiatives are important for the economic development of regions. A unified Germany has proved that the commitment of capital depends not so much upon borders as upon attractive investment possibilities.

[Brehmer] The cooperation of borderly areas should be interesting from the viewpoint that an extensive amount of federal governmental aid for eastern lands, comparable to the Marshall Plan, will lead to the rapid development of these regions. In several years, we shall be neighbors to an area with a highly developed and modern economy, which will not be insignificant for Poland.

[Bartodziej] The processes of integration will require of us an intensified effort and the rapid adaptation of all legal, economic, and civilizational standards. A unified Europe is not a grandmother handing out the raisins for which we have an appetite. The success of economic cooperation will be determined by investment conditions and production efficiency, and not by our whetted appetite and administrative decisions.

[Sakson] Every responsible politician in Poland should call to mind the words of Churchill, who promised the English "blood, sweat, and tears" during the difficult war years: We cannot escape work and self-denial. We will need help from the outside, without which Poland's entry into a modern day Europe will be impossible.

[WPROST] How do you gentlemen view the chances for Polish-German rapprochement within the context of a new political configuration in Poland? German deputies are seated in the Sejm right alongside a whole large group of so-called nationalists. How do these deputies now plan to explain to the nationalists the term which Mr. Koschyk uses so readily—*Versöhnung*, reconciliation?

[Bartodziej] Society must be made aware that independence today does not mean hanging up flags and posting slogans, or wearing uniforms. Independence today is a measurable value, portrayed in stock quotations and observed on computer monitors.

[Brehmer] In my opinion, the prospect of Polish-German rapprochement will include a principal role for the German minority in Poland. However, I do not wish

to treat my fellow Germans uncritically. Likewise, I am happy to see that my partners in this discussion are critical of negative phenomena in Polish society.

[Koschyk] The dramatic events which have occurred in the Soviet Union are making Europe aware of the strategically important role of Poland. In this context, Poland's integration into Europe is of vital importance to the system of security on our continent. The integration progress will take place within a specific time frame and our role is to support it in various forms. I say this both as a politician and as a citizen of the FRG. We must develop direct contacts and youth exchange and we must meet together as scholarly bodies more often. Such efforts have succeeded in bringing French society and German society together. Today even the slips of politicians cannot disrupt the cordial relations of the two societies.

Deputy Defense Minister Views Tasks

AU0403161592 Warsaw POLSKA ZBROJNA in Polish
26 Feb 92 pp 1-2

[Interview with Radoslaw Sikorski, deputy minister of national defense, by Janusz Grochowski; place and date not given: "Qualified Optimism"]

[Text] [Grochowski] The press speculation in which your name featured for some time has been proved right. When did you find out that you were to become deputy minister of defense?

[Sikorski] No more than a few days ago. I was told by Minister Parys, who phoned my parents in the country. I have to confess that I was greatly surprised by the proposal.

[Grochowski] I think that your nomination, although it was expected, has also come as a great surprise to some sections of public opinion.

[Sikorski] My dual citizenship is no doubt the cause of that: Polish citizenship, which I acquired at birth, and British citizenship, which I acquired after graduating from Oxford. Perhaps I should tell you how that came about. I left for England following the Bydgoszcz provocation: I had been chairman of the student strike committee in that city. I was barely 18 at the time. I was in Great Britain when martial law was imposed, and I was granted asylum there. What I did in Great Britain, my trips to Afghanistan and my work as a journalist were in a sense a way of continuing to serve Poland although from afar....

You know, it would appear to me that my nomination is not only an important event for me personally, but, above all, a signal to the entire Polish community living abroad that they are not second-class Poles and that because they possess dual citizenship, which is something that living abroad often compels them to assume, they will not be treated as inferior in Poland. The clause

on domicile in the electoral code meant that until now people such as Giedroyc, Brzezinski, or Wojtyla were discriminated against.

I think that this sets a good precedent, or, perhaps, signifies a return to normality. No one found it troublesome that Prime Minister Churchill also had American citizenship. Almost half the Israeli cabinet holds foreign passports. There are also Polish examples. Dmowski, to mention just one, had French citizenship.

How many generals in the Polish People's Army were 100 percent foreigners....

[Grochowski] You mentioned that you were in Afghanistan. I understand that you were there as a war correspondent.

[Sikorski] Yes, I visited the country three times. I wrote articles that appeared in the London SUNDAY TELEGRAPH and the New York NATIONAL REVIEW, and then, above all, I wrote a book about that dirty war entitled *The Ashes of the Holy—A Journey to Herat in Wartime*. That is surely how I came to the attention of Minister Parys. I witnessed a war, albeit not from the position of someone who was a commanding officer, a war that was being waged by a small country, in a somewhat amateurish fashion, against a superpower, and it was Afghanistan that was victorious in that war. I gave a series of lectures on this subject at American and English colleges, both civilian and military institutions. I think that this knowledge might also be useful in Poland: How to win a war with limited means against a stronger neighbor; Lord forbid that it ever happen.

[Grochowski] That is a problem that we may indeed face, but you must concede that what may prompt reservations is whether the fact that you witnessed war in Afghanistan and, I know, in Angola and Yugoslavia, too, shows that you possess sufficient specialist skills to occupy the post of a civilian deputy minister of defense?

[Sikorski] Well, the fact that I have had a taste of war is not an argument against me. My contacts in academia, politics, and journalism in the West are surely important, and I can place those at the disposal of the ministry.

[Grochowski] You are to be responsible for international contacts at the Ministry of National Defense. In Poland, people who work in the field of diplomacy are regarded as persons who tend to be of more advanced years and rather earnest, as epitomized by Minister Skubiszewski. You would appear to embody the opposite qualities.

[Sikorski] I think that I will be spending less time at diplomatic cocktail parties and more time at military headquarters, persuading Western partners to sell the Polish Army modern equipment, to sell licenses, or to enable our officers to be retrained in their academies. That shows that I do not intend to encroach on the

Ministry of Foreign Affairs' sphere of competence, especially as I believe that there cannot be two Polish foreign policies. At least, that is not something that I want to bring about.

[Grochowski] I fear that you have set yourself a rather difficult task. The indications from Brussels are that the Western states are not too favorably disposed toward our efforts to achieve a rapprochement with Atlantic alliance structures.

[Sikorski] We are entering history backward, with our eyes focused on the past. By force of circumstance, the West is more inclined to look for a partner in Russia than in Poland, if only because it is alarmed by what may happen to the former Soviet weapons arsenal. Unfortunately, at the present time, our region is viewed as a buffer zone. That is something extremely dangerous for us, because we may find ourselves in a vacuum regarding security issues.

Fortunately, there is no uniform Western position on this issue. Various circles, communities, and even states view Poland's endeavors differently.

[Grochowski] Some Polish politicians have doubts about whether we should seek membership in NATO at all. Many even believe that with the loss of the natural enemy, the Warsaw Pact, NATO activities are no longer of any significance.

[Sikorski] My answer is that it should, although NATO will no doubt be transformed and although whether we will become members of it is not certain. The Polish Army stands to gain much through the very process of moving closer to NATO. What our officers will learn during that period in Brussels, London, or Washington is something that they will retain. The equipment and licenses that we buy will remain ours. Presently, the only organization that can ensure that is NATO.

[Grochowski] Geographically, and not only geographically, we are closer to Prague and to Budapest than to Brussels. Do you see an expansion of military cooperation within that "triangle" as being possible?

[Sikorski] I not only see that being possible, but I also believe it to be a necessity. First, it is advantageous for all of us, because we are on the same level in terms of economic development and the construction of democratic institutions. In addition, it is the only way in which we can convince the West that we are capable of collective action and that we can cooperate as neighbors. Unfortunately, Central and East Europe have so far been viewed as a region marked by divisive nationalism, which makes it impossible for these states to join Western institutions. That is why cooperation with Czechoslovakia and Hungary can provide us with a strong argument in our favor.

[Grochowski] Recently, President Kravchuk said that Ukraine wished to join the "troika." Is that a realistic idea in your opinion?

[Sikorski] I am not the first to have noted that Poland plus Ukraine means a population of 90 million. That would be a bloc that could be very important in Europe. It could also be our foreign policy trump card. It would also appear that a Warsaw-Kiev rapprochement, or a broader one involving Prague and Budapest is something that the Kremlin is showing an understanding for. I think that we must, for the sake of balance, normalize our relations with all the former Soviet republics.

[Grochowski] Moscow will undoubtedly continue to remain an important partner of ours, if only because it is, as it has been until now, our basic supplier of military equipment.

[Sikorski] Undoubtedly. There are also many different issues that require clarification in this respect. However, I would not like to talk about details yet.

[Grochowski] I only fear that part of society does not attach much importance to national defense issues, because it is essentially convinced that security and independence have been achieved once and for all.

[Sikorski] It will be my duty to be an optimist, but one who is also prepared for the worst. The Gulf war demonstrated that lightning military operations can be carried out: On the other hand, the preparations for such operations require a great deal of time.

I think that what you are saying is true and that it is a good thing that people are more occupied with making money than with erecting barricades. However, it is our duty to plan for every eventuality. My experience in Afghanistan has shown me that the price that has to be paid for a mistake or neglect can be colossal. Besides, we, the Poles, surely know best what price has to be paid for losing on the battlefield and the loss of independence.

[Grochowski] Thank you for speaking to me and please accept my congratulations on your appointment.

Policy Change Variants Considered by Ministries

92EP0224C Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
8 Feb 92 p 1

[Article by K.B. and P.A.: "Topical Issues at the Ministries"]

[Text] The assumptions of the government's economic and social policy are gradually becoming clearer. From information gathered at various ministries it ensues that many proposals for revising the economy, exports, and investments are under consideration. But it is not yet definite as to which of these proposals will be included in the final version of "Assumptions."

Among others, the following proposals have been made:

—As regards price policy: abandonment of drastic changes in the prices of energy carriers, housing rents, transportation rates, radio, and TV subscriptions, and

medicines. The prices are instead to change gradually at a rate equal to 0.8 of the indicator of the increase in consumer prices during the previous quarterly period.

—On export policy: voluntary commercialization [conversion to treasury companies] of the enterprises at which exports account for a substantial part of income; such measures as partial exemptions from the assets tax, partial easing of wage restrictions, and government loan guarantees for foreign credit would be applied to the companies engaging in competitive exports to world markets; in addition, the introduction of temporary and limited "bridging" loans for exporters awaiting payments from abroad is being considered.

—On policy toward foreign capital: The agencies granting permits for the formation of joint ventures should encourage chiefly the foreign investors with considerable potential and in the fields requiring modern technologies.

The amended law on foreign investments would abolish discretionary tax relief.

—On money and credit policy: The money supply should increase somewhat faster than the inflation rate and the changes in the GDP.

In connection with the lower inflation rate, the interest rate on refinancing credit should also be lower and amount to 25-28 percent.

Housing loans and farm loans should bear interest rates equal to one-half of the interest rate on refinancing credit, but they also should be periodically revalued according to the difference between that rate and the inflation rate.

Longterm deposits should bear a stable interest rate equal to that charged for refinancing credit, except that it would be periodically revalued according to the difference between that rate and the inflation rate.

—On tax policy: As regards the income tax, reducing its rate to 35 percent in 1993 and 30 percent in 1994 is being considered.

Eventual systemic tax relief would be introduced in the event that the economy improves.

As regards the sales tax, luxury goods, e.g., gas-guzzling cars, games of hazard, color television sets, should be more heavily taxed;

As for the assets tax payable to the state budget by the enterprises [the "dividend"], it should amount to 10 percent of their capital stock.

Concerning the "popiwiek" [tax on ceiling-exceeding wage increases], the ceiling may be adjusted at three-month intervals, with wage increases of up to 3 percent per quarterly period to be exempted from that tax; wage

increases exceeding 3 percent would be taxed 200 percent in 1992 and 100 percent in 1993; in profit distribution, amounts of up to 8.5 percent of the wage fund debited to the expenses would be exempted, with anything higher than that being taxed 100 percent in 1992 and 50 percent in 1993.

Also under consideration is the idea of easing the wage restrictions applying to exporters by an amount equal to the proportion of the share of exports in the overall volume of their sales, as well as a proposal to reduce in half wage restrictions at the enterprises commercialized [converted to Treasury companies] in 1992 and to exempt them completely from these restrictions in 1993.

A special tax collected by local governments could be levied on the companies to which wage restrictions do not apply and amount to (starting next year) 5 percent of the monthly wage fund debited to operating expenses.

During the work so far on drafting the government's policy other variants of the solution of the issue of wage restrictions have been rejected. For curiosity's sake, two such variants will be described below. One was to consist in replacing both the tax on ceiling-exceeding wage increases and the tax on the assets of state enterprises [the "dividend"] by a single tax consisting of two parts. That tax would be levied, as at present, on the wages debited to operating expenses which exceed the ceiling fixed by the Council of Ministers (as indexed to price increases), in its present highly progressive form. This formula was to allow for paying cash wages from the profits, with their equivalent—the second part of the tax—to be payable to the owner, in this case to the State Treasury. That second part of the tax would be the "dividend," except that now it would be contingent on profits rather than on assets.

Another and also rejected solution of the issue of wage restrictions provided for applying criteria that would enable state enterprises to become exempted from these restrictions. These criteria were to be: a high (more than two-thirds) proportion of exports in the overall volume of sales of an enterprise, or an increase in productivity as measured by the ratio of profits to the size of wages debited to operating expenses.

In the end, however, a different set of solutions, as described above, was selected. It can be assumed that the final version of the tax solutions to be adopted will be influenced, as with other issues, by the estimates of the receipts and deficit of the state budget.

—On wage policy: (in addition to the issue of wage restrictions) a wage freeze at enterprises which were money losers in 1991 is being considered. It is to be "unfrozen" once they start to operate in the black, pay their tax arrears, and are prompt in repaying their obligations. As regards wages and salaries at budget units, the important issue is whether, in connection with the position taken by the Constitutional Tribunal, the 1991 wages and salaries should be revalued; if yes, then, after they are revalued on 1 January 1992,

these wages and salaries should be frozen; if not, the freeze should pertain to their level as of March 1992, with an eventual increase of 5 percent in the fourth quarter. The concept of freezing the salaries of the military, the police, the judiciary, customs personnel, and Treasury personnel at their March 1992 level is being considered.

Call for More Active State Role in Farming

92EP0225A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 4 Feb 92 p 1

[Article by Edmund Szot: "A Report on the Situation in Agriculture: What It Really Is Like"]

[Text] In the years 1990-91, the disparity of private farm incomes dropped to 63 from 96 percent. This resulted in a curtailment of investment outlays and expenditures on the acquisition of means of production by 60 percent compared with the level in the late 1980's. The use of mineral fertilizers plummeted by 50 percent; crop protectants, by 65 percent; and feed purchases, by 60 percent. GUS [Main Statistical Administration] data indicate that this process has not yet been halted. State farms and farm-related industries and services found themselves in an extremely difficult situation. It is estimated that, after the balance sheets for 1991 are completed, more than 50 percent of state farms will no longer be creditworthy. Even now many enterprises are remiss in their obligations to the state.

The output and sales of foodstuffs are steadily declining. Compared with 1990, last year, the output of meat and animal fats declined by 16.8 percent; poultry, by 10.7 percent; and cured meats, by 6.5 percent. Since at the same time many new processing plants have been established, the utilization of their productive capacity shrank, and the consequences thereof (in the form of higher costs) burdened farmers and consumers. Some food processing plants are trying to adapt themselves to the new economic situation, but this applies only to about one-third of state enterprises and cooperatives. The remainder are incapable of restructuring themselves and making their products more competitive. Such plants shift their problems onto the shoulders of farmers, mostly in the sense that they fail to pay them for shipments of farm produce. This aggravates the situation of peasant farms, whose indebtedness exceeds 3 trillion zlotys [Z]—this applies to more than 200,000 farms. The high cost of processing is an additional factor limiting the demand.

Milk output has dropped from 15.9 billion liters in 1989 to 14.1 billion last year, and milk procurements declined by 13 percent in 1990 and by 21.1 percent last year. Butter output dwindled from 290,000 metric tons in 1989 to 190,000 in 1991, while the output of marketable milk dropped from 2,598 million liters to 1,420 million; cottage cheeses, to 165,000 from 295,000 metric tons; and hard cheeses, to 110,000 metric tons from 130,000. At the same time the milk yield per cow declined by

more than 100 liters. Dairy production is being threatened by the decline in consumption, the poor financial situation of most dairy cooperatives, and the absence of a system for financing the stockpiling of reserves.

In early July 1991 grain reserves amounted to about 2.6 million metric tons. Altogether, including the harvest, which amounted to 27.4 million metric tons, grain reserves for the 1991-92 economic year amount to 30.2 million metric tons, and thus are 2 percent lower than a year ago. Given the expected 1 percent increase in consumption and exports of 1 million metric tons, grain reserves during the first half of the year will dwindle to 1.2 million metric tons. This decline in reserves may coincide in time with a major decline in grain harvests this year. This is a highly likely danger, because the area of land under winter grain has decreased by more than 4 percent, and the grain for the winter season was planted under adverse circumstances (a shortage of moisture) and the use of fertilizers and pesticides was (and will remain) curtailed, and moreover the weather is expected to be less favorable than in the preceding years. As a result, this year's grain harvest may total less than 25 million metric tons.

The highly likely decline in the grain harvest will trigger a decline in the hog population during the years 1993-94. As a consequence, meat prices may rise to an extremely high level. For the time being, the hog population is still large, and in mid 1992 it may reach the record level of 22.5 million head.

During the same period the cattle population will total less than 8 million head, that is, it will be 5.5 million head smaller than it was in 1975. The decline in beef output will continue. It can be reversed only after the cattle population increases again. Actually, however, this year the cow population may decrease drastically.

Between the spring of 1990 and the summer of 1991, the growth rate of farm prices was nearly one-third the growth rate of inflation. This situation was reversed only after the 1991 harvest when the inflation rate finally became lower than rate of increase in food prices. But the improvement in the situation of farming may be halted by the anticipated decline in consumer purchasing power, the already high prices, and the possibilities for importing cheaper—even after the duties—foreign food.

The expected unfolding of the situation in farming and on the market points to a need to increase the intervention of the state as a factor in adapting farming to an effective market economy. The credit policy, in particular, should be revised. Preferential credit is needed for both procurements and the financing of stockpiling of agricultural raw materials and products. Likewise, the scope of activities of the Agricultural Marketing Agency has to be expanded and farm exports need to be spurred while at the same time protecting domestic farming and food industry against the consequences of an open market. One reason why an agricultural market is not functioning properly in Poland is the underdevelopment

of the market infrastructure, that is, of commodity exchanges, regional agricultural councils, branch market councils, exporters' clubs, etc.

The figures given above are taken from the report "Problems and Dangers in Farming and the Food Industry from the Standpoint of the Scale of Needs and the Possibilities for Meeting Them." The second part of that report presents the social problems, as well as the dangers to other branches of the economy, as ensuing from the present situation of agriculture. But it can already be seen from that first part how differently the situation of farming and the countryside is perceived in the report on the state of the nation prepared by the previous government and in the report prepared by the recent new government. The latter is more credible.

Volkswagen Chief on Investment Prospects in Poland

92EP0225B Warsaw *RZECZPOSPOLITA* (ECONOMY AND LAW supplement) in Polish 5 Feb 92 p IV

[Interview with Karl Hahn, chairman of the board of Volkswagen, Inc., by Piotr Aleksandrowicz; place and date not given: "Personal Relations Are More Important Than Money"]

[Text] [Aleksandrowicz] Are you currently considering further investments in East Europe?

[Hahn] We are holding talks in Poland.

[Aleksandrowicz] Could you give us the details?

[Hahn] Not yet.

[Aleksandrowicz] What are, in your opinion, Poland's shortcomings compared with Czechoslovakia?

[Hahn] What may matter more is the fact that Poland has a relatively young automotive industry and, of a certainty, licensing ties with Fiat. To us it is not a priority to enter where another [competitor] is already present.

If you want to buy something, you desire to feel good afterward instead of being viewed as an enemy. We have established such excellent personal relations with the people at Skoda that they are a guarantee of creativity and success. This is more important than money.

[Aleksandrowicz] Do you fear the absence of political stability in Poland and the clout of the trade unions?

[Hahn] No. I hope that these problems will be solved; that is a question of time. We have lived through political instability in Japan, and sometimes strikes almost break out in Germany.

[Aleksandrowicz] Is it your feeling that in Poland people fear German investment?

[Hahn] My feeling is that anyone who earns a living instead of living in destitution is content. If you want to

join the world market, where the standards are so high that sophisticated products sell best and moreover at a lightning pace, then, unless you have a strong base, you cannot succeed. You will not make money or maintain full employment and, as a result, you will be unable to offer higher wages to your employees.

[Aleksandrowicz] Do you think that western Poland would be a particularly attractive site for German investments, just as northern Mexico has become attractive to American companies?

[Hahn] No. We should not focus on regions. We must focus on the infrastructure, which shows whether a government is pursuing a growth policy. At present, distance in the geographical sense does not play such a role.

The Negotiations Continue

The management of the Polmo Farm Vehicle Factory in Poznan, in which Volkswagen may become a capital investor, is ambiguous about the factory's future. Director Adam Dobielinski has declared that talks are under way with both Volkswagen and IVECO. The final decision is to be made in February, and so at present it would be premature to make any public announcement, according to him. One thing is certain, Director Dobielinski said, "The factory will continue to exist and will be manufacturing delivery vans."

Let us add that as soon as this coming April Polmo will be presenting a joint exhibit with its new partner at the Motor Vehicle Fair in Poznan.

Economic Cooperation With German Polonia Sought

92EP0225C Warsaw RYNKI ZAGRANICZNE
in Polish No 16, 6 Feb 92 p 1

[Article by Andrzej Zielinski: "A Polish Lobby in Berlin"]

[Text] "We are doing a great deal of business in the West and it would be difficult in that connection to ignore a country like Germany. The Good Neighbor Treaty should chiefly serve the people. I interpret this principally as regional and cross-border cooperation because, given Poland's current economic situation, it can be achieved immediately. In this connection, it is necessary to develop on the other side of the Odra an economic lobby stimulating the growth of such contacts."

Such were the words of Deputy Jan Krzysztof Bielecki, referring to the need for the existence of such a lobby, spoken at a meeting in Berlin with his constituents, organized by the BerPol Club of Polonia Businessmen and Industrialists. The possibilities for action redounding to mutual advantage are vast, above all as regards mutual small and medium joint ventures. These do not always require big capital. Utilizing the experience of the Polish-American Fund in sponsoring small

businesses could bear fruit in the form of similar Polish-German initiatives, especially as regards border regions on our side of the border. It is worth noting that in 1991 some 18 million Germans visited Poland, including day trippers on purchasing trips. This affords a great opportunity for the expansion of services and the growth of small foodstores, hotels, and a broad network of suppliers.

During the meeting, mention was also made of many shortcomings on the Polish side, including, naturally, communications and of course also bureaucracy as well as deficient knowledge of needs and possibilities. Besides, a voivode cannot always be an equal partner of a *Land* prime minister. The border crossings are in a ramshackle condition.

Mention was also made of the underestimation in Poland of Berlin soon becoming the actual capital of Germany, which will cause an investment boom in that city, thus opening up new possibilities for Polish investors. Emphasis was placed on problems relating to customs barriers for investment goods, and on the need to create a new social and economic infrastructure for Polish-German relations.

The Berpol Club could become an element of that infrastructure, the more so since it has been operating in Berlin for many years now and represents a notable economic group that attracts attention not just within that city. It thus has the opportunity to start a Polish lobby in the German capital. The 60 active members of that club can and want to, given their particular financial standing, do something more for the Polish economy, in addition to forming joint ventures or subsidiaries.

Foreign Trade Agencies Form Network to East

92EP0205E Warsaw RYNKI ZAGRANICZNE in Polish
No 15, 4 Feb 92 p 8

[Article by (hen): "Creation of a New Sales Network: First Bridgeheads in Russia, Ukraine, and Belarus"]

[Text] The times of easy trade with the East have disappeared, never to return. Trade firms face serious competition in the countries of what used to be the CEMA. Katowice foreign trade agencies have absolutely no intentions of pulling out, despite last year's trade crisis, especially in the former USSR. They are counting on it being important to them again in the near future.

They must create an entirely new sales network, if they are to return to the previous level of trade turnovers. It is far too little today merely to have trade offices, representatives, and agencies in Moscow alone. After the breakup of the former USSR, many Polish foreign trade agencies and offices—including some from Katowice—began to set up their own bridgeheads outside Russia, mainly in Ukraine and Belarus.

Kopex PEI [Export-Import Enterprise] is adapting its sales network to the new conditions and has been doing

so for several months now. This agency has reduced its staffing at the Moscow office and expanded its presence at the same time in the newly created republics and in the regions where the largest customers for Polish mining machinery and equipment are located. Kopex already has a new agency in the Kuznetsk Basin and in Karaganda [Uzbekistan], and it is opening a third one in Ukraine.

In 1991, the Centrozap Foreign Trade Agency set in motion a system of semipermanent delegates from agencies and companies cooperating with it, and included three new states: Russia, Ukraine, and Belarus. Centrozap is independent of the agency in Moscow (where staffing was reduced last year) and the trade outlet in Magnitogorsk created after operations to carry out the contract there to build the WCB 2000. Centrozap intends to maintain this form of representation. Based on a joint company with a partner in Zaporozhe, it is planning to open up advance points in Ukraine. On the other hand, it has no intentions, at least for the time being, of opening up agency offices in other new states arising out of the former USSR.

Up until now, the Wegelokoks Foreign Trade Agency has cooperated with only one Soviet firm, Sojuzpromexport. The most important tenet of its trade policy is the establishment of a sales network in the former USSR. This very year, the agency plans to use Western firms with stable long-range contacts to handle its barter transactions, for example, with the former Baltic republics. It is clear that the issue here is to insure itself of payment. It will retain its agency in Moscow. It is also expanding its direct contacts with importers.

Stalexport, another Katowice raw materials agency, is counting on building up its 1980's level of turnovers and is creating its own new trade offices in Ukraine and Belarus. These offices are to be independent of the Moscow bureau.

Notes From 'Enterprise News' Column

24 Jan 92

92EP0206A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 24 Jan 92 p IV

[Text]

Quarrel Over an Investor

At the Lag Thermoelectric Power Station, Krakow Voivodship, there is an ongoing conflict between enterprise management and the plant Solidarity organization regarding the manner of privatizing the plant, specifically the selection of a foreign investor. The organization sent a letter to Prime Minister Olszewski recommending that decision to privatize be rescinded. They argued that the method of ownership transformation which has been adopted is likewise harmful for the state treasury and constitutes an attempt by an American company to take over the Krakow Thermoelectric Plant at a low price.

The American company wants to invest \$200 million in the thermoelectric plant; meanwhile, the plant's needs are estimated at \$1 billion. According to CZAS, Solidarity is blaming the Ministry for Ownership Transformation Affairs for not permitting offers to be made by other partners, from Germany and France. Tadeusz Syryjczyk, after leaving his position as minister of industry, represented the American firm. According to CZAS, he admitted that he earned 10 million zlotys [Z] per month for cooperating with the American company. However, when he was once again elected as a deputy, he ceased working with the company. A plant union municipal deputy committee has been appointed to resolve the conflict. This committee will study the course thus far of the privatization of the thermoelectric plant and it will assess whether the choice of investor is a sound one.

Polish Marine Shipping Also in the Air

The Szczecin shipbuilder, Polish Marine Shipping [PZM] is seeking to become independent from the freight market, which has been unstable of late, by entering into companies, especially with the northern port, by placing its shares in enterprises and even by trading in hot dogs, reports GLOS SZCZECINSKI. Recently, PZM entered into a company with the Austrian firm Beau-Holding and it is becoming the owner of five Saab planes which can transport approximately 25 passengers. The company will make use of airports in Goleniow, Warsaw, Gdansk, and Rzeszow, and will be a carrier on domestic and foreign lines. Connections are planned with Lithuania, Estonia, the Ukraine, and Belarus, as well as with Germany, Czechoslovakia, and Scandinavia. The company's planes will also transport sailors in exchange for crews of PZM ships in foreign ports.

Iwona and Benetton

The Lodz Iwona Knitting Industry Plants employ 800 workers. They produce approximately 1 million items of clothing per year. Almost 70 percent of production is designated for export to France, Belgium, and Germany. Since the beginning of this year, Iwona has also been cooperating with England, for which products made from polyester are being manufactured. Many orders have also been taken for consignment trial lots, and an order has been taken for 100,000 items for new clients from France and Germany. Despite this, the factory has been forced to rent out a portion of its space and to liquidate some departments. Its transport base has also been cut back.

28 Jan 92

92EP0206B Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 28 Jan 92 p IV

[Text]

"POP," or Product of Poland

"One effect of economic reform is stores filled with goods," says Marek Jarawka, president of the ICSO

[expansion unknown] Chemical Production Company. The old dilemma of what to do with money that has no value has been replaced by a new dilemma: what to select from among a wealth of products offered to make the product of suitable quality and the purchase not prohibitive financially. In the opinion of the president, this wealth is often only an apparent wealth. Many colorfully and attractively packaged foreign articles do not meet basic quality requirements. On the other hand, truly good Polish products lose in competition with their imported equivalents. In manufacturing these products, too often enterprises do not manage to market and advertise them properly or do not have the money to do so. The ICSO Chemical Production Company, which operates in Kedzierzyn-Kozle, decided to prove that it is also possible to make money by trading Polish products. To this end the Product of Poland trade bureau was created at the company. The activity of this bureau consists of purchasing directly from domestic producers export goods of the highest quality in order to then sell them in its own POP [product of Poland] store and in a wholesale store. The firm emphasizes that it uses a small profit margin in order to ensure the store large turnovers. The store, which is located on Matejko St, opened last December. The ad campaign which preceded the opening of the store used the slogan "Polish goods also can be of excellent quality." It invited customers to purchase cotton articles from plants in Bielawa, Prudnik, and Bielsko-Biala, rugs and carpets from Kietrze, porcelain from Cmielow, and Tulowice and household cleaning products from enterprises in Gliwice and Scinawa. This assortment has also been continually expanded. In the opinion of the firm, we in Poland can be proud of our many excellent products. For this reason, the firm will enter into contact with all enterprises that produce high-quality goods and find it difficult to sell them. The founders of the trade bureau believe that such cooperation will directly profit the interested parties and they also believe above all that it should be to the benefit of clients. For in the final analysis, it is these clients who will determine the fate of the just developing Polish market.

A Privatization Foundation

The idea of ownership transformation by opening a special foundation in the Kielce Budopol Enterprise for the Construction of Public Works Projects has not succeeded. This is a specific enterprise, the production potential of which is being utilized to implement budget orders. It was decided to transform it into a company in which approximately 20 percent of the assets would be purchased by the work force, which would thereby save their jobs. According to SLOWO LUDU, the initial contribution would be Z10 million each. Since not everyone who wished to contribute had such a sum, the Foundation for Supporting the Privatization and Restructuring of the Budopol Enterprise was created and Z2 billion from last year's profit was put into this account. This was to be a reserve for low-interest loans. Before the answer was given to the question of whether such a privatization experiment is possible, the firm ran into financial problems, primarily due to the insolvency of the budget, which owes the firm Z10 billion. Little can be purchased from the Z2 billion which are in the

foundation's account and there is nothing from which to subsidize it. Thus, privatization will take place according to the normal procedure.

The French Will Drill

The Vikelt Polish-French Company has received license number 1 to mine methane from the Lower Silesian Hard Coal Basin. Partners in this company are the Victoria mine in Walbrzych and the French firm Kelt Energie France. According to GAZETA ROBOTNICZA, at the beginning of February 1992, drilling in the ground will commence in two exploratory-mining holes with a depth of 1,500 meters each. The Polish side owns 20 percent of the capital of the company and the rest are French shares.

Star—Necessary Cuts

Last year, the plants in Starachowice assembled 2,362 trucks. This represents a decline of 57 percent from the previous year, when production reached 5,500 trucks. Meanwhile, unemployment during this period declined from 6,600 to 4,686 persons, i.e., by only 29 percent. The economic results of the enterprise are worsening. In order to reverse these tendencies, at its present level of employment Star would have to produce and sell 400-450 trucks per month. This will not be possible, in part because of low demand. Given this situation, it will be necessary to reduce the workforce. According to SLOWO LUDU, soon another round of negotiations will be held with trade unions on this subject. The unions did not support the attempt by management to let a part of the workforce go at the end of last year.

Polish-Belgian FAST

A modern transshipping terminal was built over the course of less than 12 months in Szczecin. This terminal is made up of a warehouse with an area of 8,500 square meters (sq m), a stacking yard (12,000 sq m) and a half-km landing pier. In February, the facility will begin operation according to computer-prepared plans. The annual capacity of the terminal is estimated at 300,000-500,000 tons of small freight items. The project is an investment of the Polish-Belgian joint venture company between the board of the Szczecin port and the FAST shipping group. A prior project of the company is the firm FAST TERMINALS, which services goods transport between Szczecin, England, and Ireland. The profits are to be divided in half between the two partners.

31 Jan 92

92EP0206C Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
31 Jan 92 p IV

[Text]

Krakpol in Court

The employees of the Krakpol Production, Services and Trade Enterprise, which suspended activity last

November due to a lack of orders, are demanding in court that their back wages, bonuses, compensation, and benefits be paid them. This firm owes former employees over Z350 million. Krakpol is also being charged with having withheld benefits due employees from contributions directed to ZUS [Social Security Agency] in order to pay them directly to employees, which ended only in promises. According to GAZETA KRAKOWSKA, deputy Waldemar Pelc, the firm's owner, acknowledged the charges of the former employees. He declared, however, that the decision of the court ordering the payment to people of what is due them will not change anything, since the firm does not have any money. He also added that he sees no reason to fret over this matter since others will not fret over the billions that are owed him.

But It Is Profitable

The Wroclaw PKS [State Motor Transport] used an effective method for privatizing a firm to which a budget subsidy must be added. Hence, instead of waiting until someone is found who is willing to take over this enterprise, it began to lease busses to drivers who, after paying a rental fee to the firm—this fee is from Z1,000 to Z1,300 for an express line—transport passengers totally at their own expense. The result has been that the leased

buses are punctual, they leave no one at stops and they do not give any free rides, i.e., without a ticket. According to GAZETA ROBOTNICZA, the PKS [State Air Transport], the financial results of which were formerly "zero," is showing a profit of more than a billion zlotys.

Thermometers Under the Hammer

The Lodz Thermometer and Laboratory Glassware Production Plant, the only Polish producer of medical thermometers, will most likely be liquidated. The warehouses of this firm contain approximately 500,000 thermometers which no one has wanted to buy for a year now. Given this situation, the decision was made at an open meeting of the cooperative to which the production plant belongs to liquidate the plant. This decision must still be confirmed by a second open meeting, the date of which has already been set, as reported by GLOS PORANNY. If this decision goes through, the health service will have to purchase foreign thermometers, for example, from Germany, which cost Z30,000 in drug-stores. The price of a Polish thermometer is about Z7,000 and one purchased from a "tourist" costs Z1,000.

Law on Assumption of State Debts, Company Losses

92BA0536A Bucharest MONITORUL OFICIAL
in Romanian 11 Feb 92 pp 1-5

["Text" of Law No. 7 of 1992 on Payment of State Obligations Outstanding as of 31 December 1990 and Assumption by the State and Commercial Banks of Losses Registered in 1989 and 1990 by Economic Agents With State Capital, and of Inoperative Bank Credits as Well]

[Text] The Parliament of Romania hereby ratifies the present law.

Article 1

Payment of state obligations outstanding as of 31 December 1990 with autonomous administrations, trading companies, and other economic units with state capital, not exceeding the sum of 92.8 billion lei according to Annex 1, is hereby approved.

Article 2

Assumption by the state and commercial banks of losses not exceeding the sum of 173.3 billion lei which were registered by economic agents with state capital in 1989 and 1990 and are still unpaid, and of inoperative bank credits granted in previous years for investments, and also of bank credits granted for exports and construction-installation operations performed in previous years in accordance with Romania's governmental, commercial and cooperative agreements with other countries, is hereby approved.

The financing commercial banks will assume 10 percent of the sum specified in the preceding paragraph, in proportion to the bank credits pertaining to it, as a discount that will be paid out of a special fund formed in accordance with the provisions of Paragraph 9 of Annex 2 to Law No. 12 of 1991 on the Profit Tax.

The difference, not exceeding the sum of 155.8 billion lei, is assumed by the state and a public debt account is formed in order to settle the losses and inoperative bank credits from the previous years.

Article 3

The losses will be taken over from the economic agents with state capital within 30 days of the publication of the present law.

The assumed losses will be reduced by the part that is paid by each economic agent out of:

a. The sums proving to be favorable effects of revaluation of the stockpiles of raw materials, materials, semi-finished products, finished products, etc. that had been determined and reserved for that purpose according to the legal regulations;

b. The part of the 1991 profit that is designated according to law to cover the losses from the preceding years;

c. The surpluses in the development fund that are not committed to payment of the investment outlays for 1991;

d. The reserve fund formed according to law;

e. The insurance fund formed in state agriculture in 1990;

f. The sums made available to the economic agents out of the surpluses in the former centrals' funds that were frozen when the centrals were dissolved.

g. The sums made available to the economic agents out of the extrabudgetary fund formed on the level of the national economy out of the favorable effects of revaluation of the stockpiles.

The losses registered by the economic agents with state capital in the activities in 1989 and 1990 according to the figures on the balance sheet as of 31 December 1990, as well as the losses that will be assumed by the state and by the commercial banks not exceeding the sum of 84.1 billion lei, are listed in Annex 2.

Article 4

The bank credits granted to the economic agents with state capital for investments in previous years that have become inoperative and amount to 51.1 billion lei according to Annex 3, as well as the bank credits in lei granted to the foreign trade enterprises for exports and construction-installation operations performed in previous years in accordance with Romania's governmental, commercial, and cooperative agreements with other countries, which amount to 33.7 billion lei according to Annex 4, will also be assumed by the state and by the commercial banks within 30 days of the publication date of the present law.

Article 5

The stockpiles of zinc-lead concentrates, low-grade manganese ores and metallurgical by-products that cannot be processed by the technologies and capacities now existing in Romania go into a national reserve like the geologic reserves with non-ferrous metal contents remaining in the custody of the units holding them until they are sold.

The credits pertaining to the respective stockpiles not exceeding the sum of 4,436,700 lei, 2,951,700 of which are with the Copsa Mica Sometra Societatea Comerciala SA and 1,485,000 with the Baia Mare Regia Autonoma a Plumbului si Zincului, will be assumed by the state in the public debt account and by the commercial banks on the terms of the present law. The respective public debt will be paid with the sums realized from sales of the stockpiles placed in the national reserve, according to the provisions of the present law.

Article 6

In order to apply the provisions of Articles 3 and 4 of the present law, committees are formed composed of representatives of the Ministry of Economy and Finance, the Banca Nationala a Romaniei and, as the case may be, the Ministry of Trade and Tourism, the Banca Comerciala Romana SA, the Banca Romana pentru Dezvoltare SA, the Banca Agricola SA, and the Banca Romana pentru Comerț Exterior SA, which will analyze, check, and report the losses and inoperative bank credits at the autonomous administrations trading companies and the other economic units with state capital.

The losses as well as the inoperative bank credits will be assumed on the basis of records compiled among the committees formed according to the preceding paragraph and the boards of directors of the economic agents.

The interest owed by the economic agents on the bank credits pertaining to the losses as well as that owed on the inoperative credits, calculated and not collected by the commercial banks until the losses and the inoperative bank credits are assumed, are hereby canceled and the interest on refinancing calculated by the Banca Nationala a Romaniei is canceled accordingly.

Article 7

The bank credits for the assumed investments will be entered henceforth by the economic agents that received them and by the commercial banks that granted them in accounts outside the balance sheets, and they will be checked by the Ministry of Economy and Finance and also by the respective commercial banks in order to reactivate and repay them, according to the financial possibilities of the respective economic agents, out of the resources of the development fund.

Article 8

The bank credits for exports and construction-installation operations performed under the assumed governmental, commercial and cooperative agreements will also be entered henceforth by the economic agents that received them and by the commercial banks that granted them in accounts outside the balance sheets, and they will be checked until they are collected or settled, according to the provisions of the credit agreements and the foreign contracts.

The Ministry of Trade and Tourism (Foreign Trade Department) will take action in collaboration with the Ministry of Economy and Finance, the Banca Nationala a Romaniei, the commercial banks, and other ministries as the case may be in order to recover foreign debts by collecting them in cash or by bringing into the country specified products in the material reserves as well as other goods for the domestic market or for sale on third markets. They can also resort to other mechanisms usual on foreign markets to collect debts such as indirect

imports through switch operations and assignment or sale of debts, including auctioning them off, according to the legal regulations.

The foreign exchange obtained from collecting foreign debts and the interest on them will be assigned to the state's foreign exchange fund at the rate of exchange as of the date on which the operations are performed.

Article 9

In consideration of checking and collecting the sums accruing from reactivating the bank credits for investments and from recovery of the assumed foreign debts, the commercial banks will collect a commission, to be negotiated with the Ministry of Economy and Finance, out of the value in lei of the recovered debts.

Article 10

The domestic public debt, incurred according to the provisions of the present law and including the interest on the bank loans contracted for on the account of that public debt, will be repaid or paid out of the following resources:

- a. The net sums obtained from reactivation and repayment of the economic agents' obligations, consisting of bank credits for investments assumed on the account of the public debt;
- b. The net sums in lei obtained from recovery of foreign debts in the account of the public debt, consisting of the equivalent value in lei, at the official rate of exchange, of the foreign exchange assigned to the state's foreign exchange fund and the equivalent value of the products or goods brought into the country on the account of the respective debts;
- c. The available funds in the extrabudgetary fund, formed on the level of the national economy through the effects of revaluation of the stockpiles, that are left after payment of the state's obligations outstanding as of 31 December 1990 and of other legally approved outlays out of said extrabudgetary fund;
- d. The sums annually determined and approved by law for this purpose out of sales of shares the state holds in the trading companies;
- e. Other legally determined sources.

Article 11

The public debt incurred according to the provisions of the present law will be covered until paid by bank loans negotiated, in the name of the state on the account and with the agreement of the Ministry of Economy and Finance, by the Banca Nationala a Romaniei.

The Banca Nationala a Romaniei is authorized to provide for refinancing of the commercial banks through a special facility at a nominal [concesionala] rate of interest. This facility will cover two-thirds of the credit granted by the commercial banks for the public debt incurred according to the present law.

Interest on the bank loans is computed and paid quarterly on the remaining loan.

President of the Senate
Academician Alexandru Birladeanu

Article 12

Any kinds of losses of autonomous administrations, trading companies and other economic units with state capital that are registered after the dates specified in Article 2 will result in a bankruptcy proceeding.

This law was ratified by the Chamber of Deputies in its session on 27 January 1992, in conformity with the provisions of Article 74, Paragraph 2, of the Romanian Constitution.

President of the Chamber of Deputies
Marian Dan

This law was ratified by the Senate in its session on 23 January 1992 in conformity with the provisions of Article 74, Paragraph 2 of the Romanian Constitution.

Bucharest, 5 February 1992

No. 7

Annex 1 State Obligations Outstanding as of 31 December 1990 and Payment of Same

	(in Millions of Lei)		
	Paid Out Of:		
	Outstanding Obligations	Favorable Effects of Reval- uating Gold	Extrabudgetary Fund ¹
Unfavorable differences in imports of raw materials from 1 January to 31 October 1990	25,243.8 ²	—	25,243.8 ²
Unfavorable differences in imports of raw materials from 1 November to 31 December 1990	155.0	—	155.0
Unfavorable differences in exports effected from 1 November to 31 December 1990	9,803.9	—	9,803.9
Subsidies and differences in price and rate not discounted from the budget in 1990	8,170.9	—	8,170.9
Investments and other outlays not discounted from the budget in 1990	9,479.2	—	9,479.2
Additional capital paid in by the state in order to make up the subscribed capital in the commercial banks	36,143.7	36,143.7	—
State budget deficit at the end of 1990	3,809.0	3,809.0	—
TOTAL	92,805.5	39,952.7	52,852.8

¹Inasmuch as the funds are formed from revaluation of stockpiles and sales of dwellings in the state housing reserve

²Including interest on bank credits used temporarily to cover unfavorable differences in imports until they are settled out of public funds

Annex 2 Losses Registered by Economic Agents With State Capital in 1989 and 1990 and Outstanding at the End of 1990, and Sources of Payment for Losses Assumed by the State and Commercial Banks

	(in Millions of Lei)
Losses in 1989 activity	94,088.0
Losses in 1990 activity	39,698.1
Losses from disasters	3,147.6
TOTAL LOSSES	136,933.7
Of which:	
1. Losses paid for	52,818.6
2. Losses assumed by the state and commercial banks	84,115.1

Annex 3
Bank Credits Granted to Economic Agents
With State Capital for Investments
in Previous Years
and Credits That Have Become Inoperative

	(in Millions of Lei)
Ministry of Industry	
—Autonomous Administration of Bucharest Renel Electricitate	2,930.5
—Wood-Industry Department	613.0
—Machine-Building-Industry Department	150.0
—Chemical- and Petrochemical-Industry Department	948.0
—Metallurgical-Industry Department	3,545.4
—Electrotechnical-Industry Department	5.2
—Construction-Materials-Industry Department	288.6
Total Ministry of Industry	8,480.7
Ministry of Trade and Tourism	
—Domestic Trade Department	12.1
—Foreign Trade Department	104.8
—Tourism Department	88.4
Total Ministry of Trade and Tourism	205.3
Ministry of Public Works and Territorial Planning	
—Construction and Public Works Department	1,167.8
Total Ministry of Trade and Tourism	1,167.8
Ministry of Agriculture and Food Industry	
—State Agriculture Department	14,596.8
—Food Industry Department	3,031.6
—Agricultural Mechanization Department	1,170.0
—Land Improvement Department	1,195.4
—Directly Subordinate Units	2,721.5
Total Ministry of Agriculture and Food Industry	22,715.3
Ministry of Environment	
—Waters Department	1,287.5
—Romsilva RA	32.0
Total Ministry of Environment	1,319.5
Counties and Bucharest Municipality	221.7
Inoperative credits, determined according to counties by the financial and banking organs, which will be assumed under control and on the basis of the nominal lists trans- mitted by the Ministry of Economy and Finance	16,954.6
TOTAL ECONOMY	51,064.9

Annex 4
Bank Credits in Lei Granted to Foreign Trade
Enterprises for Exports and Construction-Installation
Operations Performed in Previous Years Under
Governmental, Commercial, and Cooperative
Agreements With Other Countries

	(in Millions of Lei)
Ministry of Industry	20,053.6
Of which:	
—Machine Building Industry Department	10,802.7
—Electrotechnical Industry Department	1,779.5
—Wood Industry Department	1,043.0
—Chemical and Petrochemical Industry Department	621.4
—Textile and Leather Industry Department	3,699.7
—Metallurgical Industry Department	650.6
—Petroleum Department	637.3
—Romelectro	591.3
—Mines Department	228.1
Ministry of Agriculture and Food Industry	464.9
Ministry of Public Works and Territorial Planning	3,807.3
Ministry of National Defense	9,384.9
TOTAL ECONOMY	33,710.7

* * *

DECREE

on Publication of the Law on Payment of State Obligations Outstanding as of 31 December 1990 and Assumption by the State and Commercial Banks of Losses Registered in 1989 and 1990 by Economic Agents with State Capital, and Also of Inoperative Bank Credits

On the basis of Article 77, Paragraph 1 of the Romanian Constitution, we hereby publish the Law on Payment of State Obligations Outstanding as of 31 December 1990 and Assumption by the State and Commercial Banks of Losses Registered in 1989 and 1990 by Economic Agents with State Capital, and Also of Inoperative Bank Credits, and we hereby order its publication in MONITORUL OFICIAL AL ROMANIEI.

President of Romania
Ion Iliescu Bucharest

Bucharest, 3 February 1992
No. 14

Role of Council for Interethnic Relations

92BA0461A Skopje NOVA MAKEDONIJA
in Macedonian 26 Jan 92 p 3

[Article by L. Kitanovska: "A Shock Absorber Above the Party Fray"]

[Text] The coordination of interethnic relations requires the formation of a Republic body, which will be the first obstacle to any possible interethnic conflict, a major trump card at a time of forthcoming international recognition and an authoritative umpire in resolving problems in that area, according to parliament members of this council, whose establishment is expected.

Like it or not, we are here together, and we shall remain here, said the representative of the PDP [Party of Democratic Prosperity] group of deputies at a recent parliamentary meeting. This truth must be accepted, and we must live with it because there is no alternative, as confirmed by all that has happened since the founding of the Macedonian State. The problem now is to find the magic formula for coexistence among all ethnic groups within this area without major upheaval, a formula for cooling off passions and eliminating the seemingly most irreconcilable confrontational views, at least when it becomes a question of survival.

Meanwhile, the time impatiently awaited by the promoters of national discord is obviously not contributing to the rapid resolution of the problem of interethnic relations. Many people have developed the illusion that the time to pursue this matter to its conclusion is "now or never." This will make the work of the state, which must now play the role of umpire in balancing the interests of opposite sides, even more difficult. However, this has fortunately also been a time of drafting the new Macedonian Constitution by virtue of which a number of as-yet-untested institutions were either recreated or created, which means that their usefulness is as yet to be proved. One of the rare bodies adopted without reservation from the very first was the Council for Interethnic Relations.

Real Time

The Council is an entirely new Republic body, without any specifically defined objective. It is mentioned in only one article of the Constitution. The Constitution stipulates that the council is to be founded by the Assembly, which may initially suggest that it is simply one more agency of the Assembly. However, the intention of the drafters was different. To make that council more important than, let us say, a commission set up by the Assembly, the president of the Republic is also charged with the duty of nominating the members of the Council for Interethnic Relations, although the final choice is the Assembly's prerogative.

A question that will remain unanswered is whether an earlier formation of the council would have made it easier to resolve some of the problems that we, as a state,

have been facing of late. However, we believe that the period of international recognition, when the gravest interethnic conflicts occur, is the proper time to establish the council, the more so because the already existing Commission for Interethnic Relations is barely able to perform its function. It has accomplished nothing more than holding regular meetings. Its position was perhaps most aptly expressed by its member Ismet Ramadani, who said that the first thing the commission should do is put on its agenda the interethnic relations within the commission itself. It is precisely within the commission that, instead of having parity representation of ethnic groups, based on parliamentary structure, the most heavily represented are the extreme wings of the PDP and the NDP [National Democratic Party], and of the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity]. This forces the commission to keep trying to reconcile "inflamed" passions, and it is not astounding that it is virtually impossible for it to make any constructive decisions.

Conversely, the council was to have been structured on a parity basis by having two Macedonians, two Albanians, two Turks, two Wallachians, and two Gypsies, as well as two members of every other ethnic group. For example, Naser Ziberi believes that the establishment of this council would be viewed by the entire international public as a strong trump card, proving Macedonia's responsive attitude relative to the demands of ethnic groups. He also calls for requiring it to organize as a nonpartisan agency whose views, relations, and resolutions would be more of a moral nature, all based on consensus.

Quality Structure

Faik Abdi is another one who agrees with the concept of the nonpartisan nature of the council. He publicly states that such an agency would undertake much more seriously to resolve some issues affecting the Gypsies, issues that are somewhat neglected at present. Actually, at the meeting that was held prior to the Albanian referendum, he called for the faster establishment of the council because, the way things were going, it would come as no surprise if Shutka as well were proclaimed an autonomous area. According to Abdi, the party program of the PTsERM [expansion unknown] stipulates that the first task on which the Assembly would insist would be that of resolving the interethnic issue because, as he says, without it the only other solution would be war! In his view, the council would assume the greatest responsibility for this because it would be an agency of the state, set up exclusively to balance ethnic group interests.

The most important attribute of the council would be its flexibility, according to Mikhail Panovski of the VMRO-DPMNE, because, in every case, reaching a compromise will be necessary. That is why its structure will be of decisive importance. Therefore, all of its members must be people of exceptional quality who are not members of parliament, according to Panovski.

Unfortunately, views on the importance of that council are not identical. Kole Mangov, a member of the Constitutional Commission and a VMRO-DPMNE representative, believes that it would be unrealistic to expect that agency to resolve controversial problems that have arisen as a result of the use of force and aggression. In his view, the council would become something like an Assembly commission, an "ordinary" agency without any special significance, which would enable it to issue views and make suggestions and combine it with all other democratic forms of communication.

However, a properly organized and functional council should not duplicate the Assembly commissions because it would be easy for its resolutions to clash with those of the Commission on Interethnic Relations. The clash between these two bodies could only complicate the resolution of problems in this very sensitive area. That is why the decision to abolish the commission may be the right one.

Political Parties of Serbs in Macedonia

92BA0498A *Skopje NOVA MAKEDONIJA*
in *Macedonian* 7 Feb 92 p 5

[Article by Panta Dzhambazoski: "Extremism Is Unacceptable Here"—first paragraph is NOVA MAKEDONIJA introduction]

[Text] Statements on holding a referendum on having a "Serbian region," and having a meeting on "Macedonia in Yugoslavia" smack of slogans imported from the outside. These are attempts at worsening the otherwise good interethnic atmosphere and creating conditions for conflict, people in Kumanovo say.

During those cold winter days, Kumanovo seemed to be asleep. Nothing of any significance—cultural, economic, or political—was taking place in the city. This was unusual for that city, recalling some events of the not so distant past. Kumanovo had been labeled "red Kumanovo," a "city with Yugoslav-oriented citizens," a "city that is defending the honor of the Macedonians," and so on. Those were actual epithets found in Serbian newspapers, particularly POLITIKA. It is true that, during the electoral campaign, the political atmosphere in the city had become explosive. However, it cooled down quite quickly. The split that had existed two years ago in the township leadership of the then SKM [League of Communists of Macedonia] ended with a division into two groups. Last year, the larger of the two consisted of the familiar Kumanovo branch of the SK-DJ [League of Communists-Movement for Yugoslavia]. The leadership of the SK-DJ, being "Yugoslav-oriented," had made great deal of noise and was the main inspiration for the writings of Serbian journalists, who declared Kumanovo to be the "friend of Milosevic." It was being said that the SK-DJ numbered 7,000-9,000 members in Kumanovo township alone.

The People of Kumanovo Want Work, Not War

Semiofficial sources are now saying that the SK-DJ has about 2,000 members. However, even that figure seems exaggerated. According to Jordan Masevski, president of the Social Democratic Alliance, following the breakup of the SKM-PDP [Party for Democratic Prosperity], the leadership of the recently organized SK-DJ acquired virtually all of the SKM (PDP) members or, rather, their membership cards. A survey of the entire township led us to conclude that SK-DJ members "included even deceased SKM members!?"

Conversations with several noted political personalities and party leaders in that city informed us that the citizens are showing virtually no interest in politics. Allegations about some kind of "Yugoslav," "Serbian," or other government orientation are unsupported. The citizens are concerned, above all, by the economic crisis, unemployment, and their incomes. Actually, the national parties, with the exception of the PDP, fared poorly in the elections. Kumanovo is a multiethnic center, with a great many mixed marriages, particularly between Macedonians and Serbs. Nonetheless, claims frequently made by POLITIKA, which gave an unrealistic figure for the Serbian population in the township, were inaccurate. According to available data, some 8 percent of local citizens claim to be Serbian. Except for some minor incidents during the Albanian demonstrations some years ago, there have been no ethnic conflicts in Kumanovo. The people of Kumanovo proudly emphasize that the residents of the city know how to live together very well. One can judge their political or ethnic interests by the numerous graffiti on buildings in the center of the city, which read: "We do not want to fight, we want to work," "War no! Work yes!," and so on.

Looking at matters from the perspectives of the SK-DJ and the Association of Serbs and Montenegrins, one is bound to get a mistaken view of our city, according to Macevski. Nothing distinguishes Kumanovo from the other Macedonian cities, and one cannot say that here anyone has been mistreated or abused because of his ethnic or religious affiliation. We appeal to our citizens not to yield to the provocations of various extremist elements, such as the Serbian Radical Party, which is the organizer of some kind of referendum on a "Serbian region." Its purpose is to divide the population. However, I am sure that the extremists will not find any support in our township, Macevski concluded.

Although the "pro-Yugoslav" parties (the Party of Yugoslavs and the SK-DJ) and other associations publicly claim that they do not support this referendum, which is being organized on the outside (from Serbia), and considering that no one asked about the views of the Serbian people in Macedonia, which is what we were actually told by Dobrivoje Tomic, the president of the Association of Serbians and Montenegrins, it seems, nonetheless, that those parties are not pleased with the "hibernation" of the people of Kumanovo. They also have officially stated that this coming Saturday they will hold

a peaceful citizens protest meeting in the center of town to protest the fact that, according to them, the Macedonian leadership is promoting the "secession of Macedonia from Yugoslavia" and "concealing" the second part of the referendum of 8 September 1991, which dealt with "the right to join an ideological union of sovereign Yugoslav states." They believe that the Macedonian leadership should hold a new referendum at which the citizens could determine whether (now) they favor "the secession of Macedonia from Yugoslavia."

Which Yugoslavia?

Whereas the leaders of the other parties ("non-Yugoslav") are claiming that it is a question of manipulation—because, above all, they say, the flexibility to join a Yugoslav union is becoming increasingly unrealistic—the "Yugoslav" parties, it seems, consider that this right must be exercised. Dobrivoje Tomic says that, because the Macedonian leadership did not act properly as far as the second part of the referendum was concerned, in his view it should hold a new referendum that would make it necessary for the Serbs in Macedonia to follow the path taken by the Albanians in Macedonia. In short, they would have their referendum, which will mean that, even if they did not participate in the 8-9 February referendum sponsored by the Sheshelyov Party, they would have "their own referendum," which, as we interpret it, would not be significantly different.

The township divisions within the Party of Yugoslavs, the SK-DJ, and the already mentioned association lead to the unanimous interpretation of the second part of the question in the referendum that supports the concept of Macedonia within Yugoslavia. However, it is obvious that an attempt is being made here to manipulate the feelings of the citizens because, whenever the question of Yugoslavia arises, no mention is made of the fact that Yugoslavia is no longer within its familiar borders, since Slovenia and Croatia have already been granted international recognition. That is why the appeal to the citizens to hold their Saturday protest meeting "for Macedonia in Yugoslavia" can be interpreted only as an appeal to unite Macedonia with Serbia. If this issue were spelled out clearly, the question is whether anyone would attend

such a "meeting." Naturally, it is likely that such a meeting would also be attended by "visitors" from Serbia.

The Serbs Are Not Threatened

Actually, as one may notice on the streets of Kumanovo, the impression is that the various imported ideas and initiatives of a nationalistic type will not be accepted here. An erroneous impression may be gained by reading some Serbian newspapers, according to which the population in this region, particularly the Serbian, is endangered. Statements that the Serbs have begun to arm themselves in some villages or even that armed groups coming from Serbia with questionable designs have been seen are pure fabrications. This was confirmed to us also by the secretary of the township militia, Trajche Trajkovski. According to him, it is only ordinary crime that has increased, which is something characteristic of other Macedonian townships, as well. According to militia information, armed groups or even volunteers coming from the Croatian front have not been noticed. In multinational Kumanovo, Trajkovski said, there are no conflicts based on ethnic or religious grounds. The population coexists in a very tolerant atmosphere. As to the announced meeting, he said that the militia does not interfere in politics. The parties have the right to act politically as they wish and to hold meetings. What interests us is how to keep public order and peace, Trajkovski said, emphasizing his personal beliefs that political parties in Kumanovo exert virtually no influence on the citizens.

The lawyer Radovan Chesmadzhiski, who is branch president of the League for Democracy, thinks that extremist forces in Serbia are trying to spoil the interethnic atmosphere in the city and the township. However, he believes that it would be difficult to achieve such a division among the population because no one has been mistreated or threatened for being Serbian, Albanian, or anything else. Actually, he claims in support of his statement that about one-third of the leading and managerial cadre of the successful enterprises are ethnic Serbians. The League for Democracy has nothing against a referendum as long as it is legal. However, organizing a referendum from the outside (by a party from Serbia) would mean interfering in the domestic affairs of a sovereign state, and I am certain that the people of Kumanovo will condemn this, Chesmadzhiski concluded.

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